

FINANCIAL TIMES

WEEKEND JUNE 19/JUNE 20 1993

Rebecca Stephens:
how I climbed Everest

Page 1

London angry at
Irish president's
Belfast meetings

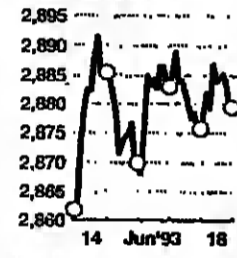
Downing Street reacted with thinly-veiled fury yesterday to a west Belfast meeting between Irish president Mary Robinson and Gerry Adams, president of Sinn Féin and apologist for the IRA. The meeting, part of a private visit, provoked outrage among Unionist politicians.

Downing Street was irritated that the meeting came only days after prime minister John Major had told his Irish counterpart Albert Reynolds of efforts to persuade the Ulster Unionists to join new talks on the province. Page 4

Lord Lawson, the former chancellor, warned that any shift to a UK economic policy of rapid growth would inevitably produce inflation. "The dragon of inflation is asleep but is not dead," he said. Page 24

FT-SE 100

Hourly movements



Source: Reuters

Hong Kong talks: China approved construction of a Hong Kong harbour scheme which forms one of nine key elements in the territory's multi-billion airport project. British negotiators are cautiously optimistic about a solution to larger issues. Page 2

UN denies Somalia claim: A UN military spokesman denied a claim that followers of Somali warlord Mohamed Farah Aided were holding a number of peacekeeping troops hostage in Mogadishu. UN forces hunt Aided. Page 2

Emergency EC meeting called: Denmark, current president of the European Community, is calling EC foreign ministers to Copenhagen tomorrow to discuss the Bosnian civil war ahead of the EC summit opening on Monday. Serbs to vote. Page 2

Refugee rulings: Norway upheld its policy of repatriating most Kosovo Albanian asylum-seekers in spite of opposition from human rights groups. The French parliament approved a bill restricting foreigners' right of entry and abode in France.

Aliyev takes over: Former communist leader Heydar Aliyev took over as acting president of Azerbaijan after president Abulfaz Elchibey fled the capital, Baku. Page 2

Miramar battle: A takeover battle was brewing for Hong Kong's Miramar Hotel and investment, with some of the territory's biggest property market players squaring up to the fight. Page 12

Briton faces long sentence: Former British soldier Graham Noble, 27, captured by Serbs and charged with spying for the Croats, faces a minimum five years in jail if convicted.

Spain buys collection: Spain is paying \$350m (£233.3m) for the art collection of Swiss industrialist Baron Hans-Heinrich Thyssen-Bornemisza. The 775 paintings, including works by Picasso and Tintoretto, have long been on loan to Madrid.

Crickets: Australia piled up a formidable 592 runs for four against England on the second day of the second Test Match at Lords.

Where Europe isn't working
Millions of Europeans face long-term unemployment. As EC leaders prepare to address the problem at the Copenhagen summit, have they run out of ideas and options? The FT on Monday investigates the crisis and possible solutions.



STOCK MARKET INDICES		STERLING	
FT-SE 100	2873.4 (+3.7)	New York Composite	1,494.7
Yield	4.0	London	1,495 (1,515)
FT-SE Europe 100	1,188.72 (+4.03)	DM	2,512.5 (2,511)
FT-A All-Share	1,422.43 (+0.11)	FF	8,446 (8,439)
Nikkei	13,804.54 (-120.97)	SFR	2,246 (2,244)
New York Composite	1,494.7 (+6.38)	Y	163.5 (161.5)
Dow Jones Ind. Ave	2,515.53 (+2.22)	£ Index	79.9 (80.0)
US LUNTIME RATES		DOLLAR	
Federal Funds	7.5%	New York Composite	1,494.7
3-mo Treas. Bill	3.115%	DM	1,881
Long Bond	1.03%	FF	5,649
Yield	5.815%	SFR	1,501.5
LONDON MONEY		Y	163.5
3-mo interest	5.5%	London	1.83 (1,835)
Life long gnt. rate	10.5% (Jun 100%)	DM	5,645 (5,565)
NORTH SEA OIL (Aargus)		FF	1,500.5 (1,478)
Brent 15-day (Avg)	\$17.45 (17.51)	Y	108.3 (106.6)
Gold		£ Index	85.3 (84.4)
New York Comex (Aug)	\$372.5 (372.2)	Tokyo close	1,07.4
London	\$372.25 (371.1)		

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Ruling LDP faction likely to form new party as snap election is forced

Miyazawa defeat
throws Japan into
political turmoil

By Robert Thomson in Tokyo

JAPAN was plunged into political instability last night as the ruling Liberal Democratic party was forced to call a snap election after the humiliation of Mr Kiichi Miyazawa, the prime minister, in a no-confidence vote.

The LDP, which has ruled the country since 1955, was in chaos as members of the 35-strong faction led by Mr Tsutomu Hata, a former finance and agriculture minister, voted against the party in favour of the no-confidence motion. The Hata faction is expected to form its own political party shortly. A further 10 members from a separate LDP faction announced the formation of a political group. More defections are expected today.

The no-confidence vote, proposed by three opposition parties, was prompted by an inconclusive debate over the reform of the scandal-prone political system. The government's failure to tackle the issue enraged members of Mr Hata's pro-reform faction, and the no-confidence motion was carried by 35 votes.

After his defeat, a distressed Mr Miyazawa was compelled to dissolve the lower house, the more powerful of the two Japanese houses, and call an election. He claimed to have supported political reform, specifically an

JAPAN'S POLITICAL CRISIS

Page 3

- A faint smile as the knife goes in
- Hopeful signs in economy
- Political paralysis looms over G7 summit

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overhaul of the electoral system, but that "change was very difficult to bring about."

"What happened was very unfortunate," a defeated-looking Mr Miyazawa said. "I was called a liar but that's not true... I really thought I would be able to achieve political reform."

Under Japan's constitution, the election must be held within 40 days, meaning that the campaign period will include the Group of Seven summit, due to begin in Tokyo on July 7, at which Mr Miyazawa had hoped to impress as an international statesman.

Business leaders expressed fears last night that the country faced an extended period of political turmoil, which will limit the government's ability to cope with an economic downturn and to

deal with the increased pressure from the country's trading partners, particularly the US.

Television opinion polls put the prime minister's popularity at a mere 10 per cent last night, suggesting the LDP was unlikely to win a parliamentary majority in the forthcoming poll and raising doubts about the relationship between the party and the bureaucracy which has guided post-war Japan.

Senior LDP officials demanded that the defectors be expelled from the party. Mr Hata said he did not want to vote against his party, but had "no choice" but to bring down the government.

"We have entered a new era in Japanese politics. I am sure we will see a realignment of the political system," Mr Hata said. He is hoping yesterday's events will encourage more LDP members to join him and that he will be able to lure representatives from opposition parties.

Mr Yoshiro Mori, the minister of international trade and industry, expressed widespread concern that economic policy-making will stall when the economy appears to have touched bottom. Business leaders wanted the government to introduce another stimulatory package in August, but the election and the prospect of continuing chaos in the LDP have left the package in doubt.



Defeated: Kiichi Miyazawa covers his face during the crucial vote

Dollar sharply up against D-Mark, yen and £

By James Blitz, Economics Staff

THE DOLLAR moved sharply higher against the D-Mark, the yen and sterling yesterday amid increasing concern over deteriorating economic conditions in Germany and the political upheaval in Japan.



Source: FT Graphics

DM1.68, breaking through the top of a trading range that had prevailed since March last year.

There was also a dramatic reverse in the yen's sharp rise against the dollar, which has dominated currency dealing in recent weeks. After the vote of no confidence in Mr Kiichi Miyazawa's government, the yen plunged to ¥199.30 against the dollar at the London close. That left the Japanese currency some 2 1/2 per cent weaker than 24 hours earlier.

Sterling also fell against the surging dollar, closing nearly 2 cents weaker against the US currency at \$1.4960.

The D-Mark was increasingly beleaguered against other European currencies, falling below FF13.36 against the French franc for the first time for 13 months. The recent fall in the D-Mark has left the Bundesbank in a dilemma. Members of the German central bank's ruling council have talked of their concern that the deterioration in the

D-Mark's value may fuel inflation.

However, if the Bundesbank tries to preserve the value of the currency by keeping short-term interest rates at high levels, it may aggravate the German recession.

In afternoon trading in the US, the dollar appreciated further, breaking through the ¥110 level against the Japanese currency.

Currencies, Page 13
World stocks, Page 21

Cash settlement plan for
BT share issue abandoned

By Norma Cohen, Investments Correspondent

THE LONDON Stock Exchange yesterday abandoned a proposal which would have made it easier to identify large sellers of BT shares in the days leading up to the UK government's sale of its remaining 20 per cent stake in the company.

The exchange, however, yesterday did take the unprecedented step of requiring market makers to tell it of any transaction of 100,000 shares or more, a move aimed at uncovering efforts unfairly to drive down the price of BT shares.

"This will go some way towards meeting the concerns of S.G. Warburg, the UK merchant bank which is co-ordinating the BT sale, although the stock exchange said it would not disclose the names of sellers.

Institutional investors had raised strenuous objections to the stock exchange's original plan to encourage all pre-offer dealings in BT shares to be settled in cash within 48 hours rather than over the normal two-week settlement period.

Institutions said the proposal would have unfairly aided advisers to the offer in their efforts to

support the price of BT shares. "The stock exchange should be taking into account the interests of its users as well as its members," said Mr John Thompson, head of UK equities at Standard Life.

"Apparently the only reason they took account of users is because they were publicly exposed. This is not the way for the stock exchange to behave," he said.

The National Association of Pension Funds, Britain's largest shareholder group, said it would press the stock exchange to take greater account of users' interests in making rules for the markets.

As well as large institutions, private investors considering applying for BT shares would have benefited from the type of concerted selling the exchange is seeking to uncover - because it would have depressed the price at which the government's stake in BT is offered to the public.

The exchange did not explicitly say it was trying to uncover sellers who depress share prices, only that it was interested in "satisfying itself that an orderly market is maintained at all times."

However, an exchange spokeswoman said that, in a similarly structured offering last summer of shares in Wellcome, the UK drugs group, advisers to the deal complained that institutions had depressed the price by selling through several brokers at one time.

It is typical for institutional shareholders to reduce their stakes in companies which are about to offer additional shares for sale - a move which usually leads to lower prices.

But Warburg had said it intended to reward those institutions who purchased additional shares in the run-up to the BT offering by granting them higher allocations. Those that sold would have lower allocations.

Warburg said: "It is not right for us to comment either way on what the stock exchange has done." However, one official at the bank expressed disappointment that the exchange had failed to support its efforts to encourage cash settlement.

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MARKETS

London

Chancellor dances on his bed of nails

By Maggie Urry

THE PICTURE of the week was of Theo Waigel, the German finance minister, walking on a bed of nails at the annual Chancellery children's party. He had rolled up the trousers of his double-breasted suit and removed his shoes and socks. He even looked happy, grinning and spreading his arms wide. No doubt the children were rather impressed too.

Of course, walking on nails is a confidence trick. At a similar event in London this week, Britain's new finance minister accomplished another.

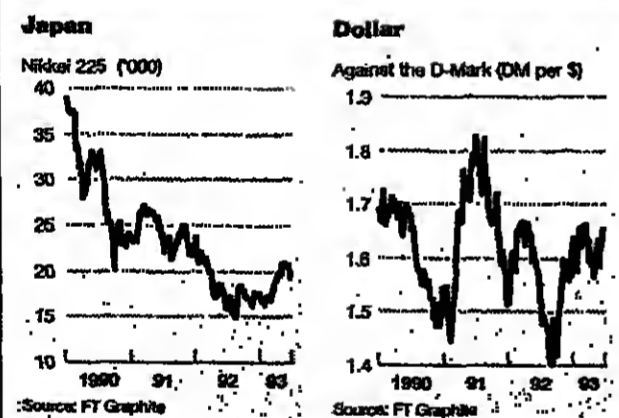
Kenneth Clarke's performance at the Mansion House dinner on Tuesday was an equal display of bravura. He stood on the metaphorical bed of nails, managing to say nothing while giving the impression of doing something really quite difficult, and drawing the admiration of the crowd.

His instincts, he assured the assembled party-goers, are tax cutting instincts - he did not bother to remind anyone that taxes will rise even if no new increases are announced in the November budget. Meanwhile,

HIGHLIGHTS OF THE WEEK

	Price	Change	1993	1993	
	Y'day	on week	High	Low	
FT-SE 100 Index	2879.4	+17.8	2957.3	2737.6	Interest rate optimism
FT-SE Mid 250 Index	3215.8	+12.9	3216.3	2878.3	Demand for growth stocks
BET	115	+7	115	84	Div cut discounted/recovery hopes
BT	428	+15	445.6	376	BT's marketing push increases
Bass	491	+24	647	444	Consumer spending hopes
Chloride	14%	-5%	21%	11%	Looses increases
Clayform Props	35	+19	38	10	Large stake purchased
Fisons	171%	+16%	251	147	US launch of Thelaid speculation
Granada	424	+19	424	341	Good interim results
Logica	265	+30	265	164	Software stocks in vogue
MEPC	400r	-14	442%	315%	Reaction to funding move
NFC Var Vtg	243	-14	284	238	Interim results disappoint
North West Water	457	+20	533	431%	Buying by utilities funds
Quality Software	582	+55	585	385	Software stocks in vogue
Victoria	254	-70	367	243	Profits warning

AT A GLANCE



Political uncertainty depresses Nikkei

Uncertainty over the Japanese political situation this week pushed the Nikkei share index under the 20,000 mark for the first time since April 26. Kiichi Miyazawa, the Japanese prime minister, lost a parliamentary vote of no confidence on Friday. Parliament was dissolved, and a snap election is now due to be called by the end of July. The news came after the close of the Tokyo stock exchange, but iters in the run-up to the confidence vote depressed the Nikkei share index, which closed down 120.97 at 19,804.54 on Friday. Further large falls are not expected as political factors have already been discounted. The yen continued to weaken against the dollar.

Dollar strengthens against DM

The US dollar strengthened against the D-Mark this week and hit its highest level since March 1992, in spite of US economic indicators which might have been expected to weaken the currency. By Friday afternoon the dollar was up 5 1/2 pence on the week at DM1.6795, after finally breaking through the DM1.67 barrier which had defeated it during rallies earlier in the year. Speculation has been growing that the D-Mark is losing its status as the anchor currency in the ERM. Comments made last week by George Soros, the global investor, that the D-Mark was suffering from long-term weakness, also influenced the market.

Unit trusts win tax concession

The unit trust industry scored a success this week after intensive lobbying. Stephen Dorrell, financial secretary to the treasury, committed the government to introduce legislation in the next Finance Bill to allow unit trusts to pay income gross to non-UK residents. This would allow overseas UK trusts to compete with other collective funds, based in Luxembourg and Dublin. The government also decided to remove an anomaly, relating to the change in advance corporation tax in this year's Budget, which might have led to the sale of substantial unit trust holdings by UK life companies.

Halifax increases Maxim charges

Halifax building society is raising charges on its Maxim current account but has avoided imposing charges for those in credit. From July 1, account holders who have an authorised overdraft of over £50 will have to pay a flat fee of £5 a month in addition to an interest rate of 17.5 per cent EAR. Those with an authorised overdraft will be charged £10 a month in addition to the interest rate currently of 28.9 per cent EAR. The transaction charge on an unauthorised overdraft will be £10 for the first transaction each month and £3 for each subsequent transaction instead of £10 per transaction.

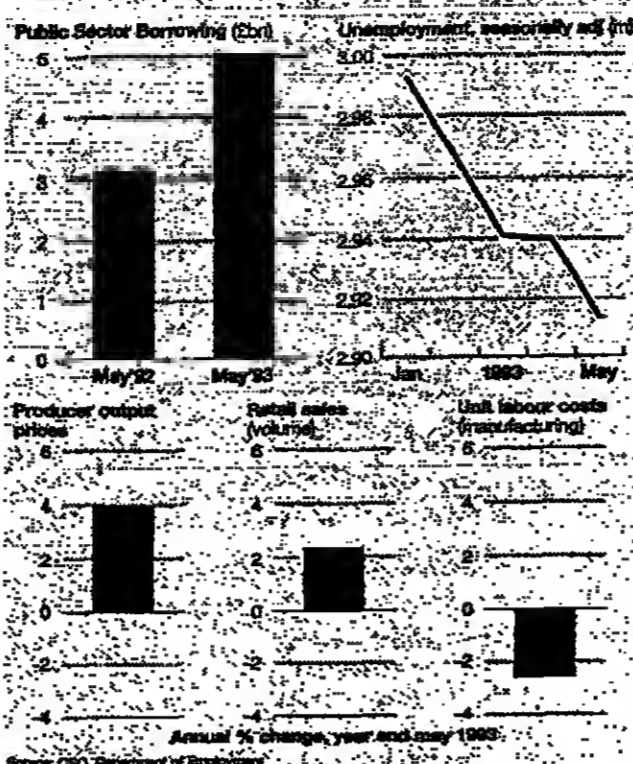
Pension guide published

The Consumers Association this week published *The Which? Guide to Pensions* which has chapters on pension choices, the basic state pension, Seps and occupational and private schemes. It also examines the pension problems facing women and what to do if you want to retire early or if problems arise with your pension scheme. *The Which? Guide to Pensions* by Jonquil Lowe, Consumers Association and Hodder & Stoughton, 359-81 Euston Road, London NW1 3AL, £9.5 (p&p free).

Smaller companies creep ahead

Small company shares edged up again this week. The House Govest Smaller Companies Index (capital gains version) rose 0.1 per cent from 1459.32 to 1461.03 over the seven days to June 17.

Clarke's inheritance



All this is wonderful news for the gilt-edged market which has had a good week. Low inflation - only 1.3 per cent on the RPI measure - makes yields of 8 1/2 per cent or so attractive. Japanese long bonds yield 4 1/2 per cent, and Japan does not even have a prime minister.

A happier gilt market gives support to equities too, where yields of around 4 per cent are still high relative to inflation. And revised economic growth forecasts should push up earnings estimates.

It is perhaps curious that the Footsie index has only risen 17.6 points this week. But that can be put down to the approaching half year end, with fund managers delaying action until after the valuations have been fixed.

It might also reflect concern about amount of new shares coming on offer. The £28m-plus BT 3 share sale is looming larger since the discounts and incentives for retail investors were announced on Monday.

The Stock Exchange and SG Warburg, the securities firm which is organising the sale, spent much of the week arguing behind the scenes over whether BT shares should be traded mainly on a cash settlement basis in the run up to the sale.

Warburg wanted deals to be done that way so it could see just what the big investors were up to in the shares - particularly who was selling shares in the hopes of buying back cheaper in the sale.

Warburg, which has been remarkably successful in winning privatisation business could have punished short sellers by allocating fewer shares to them.

At first the Stock Exchange seemed to be going along with the idea. By Friday, though, the Stock Exchange had back-pedalled somewhat after institutional investors threw a collective wobbly.

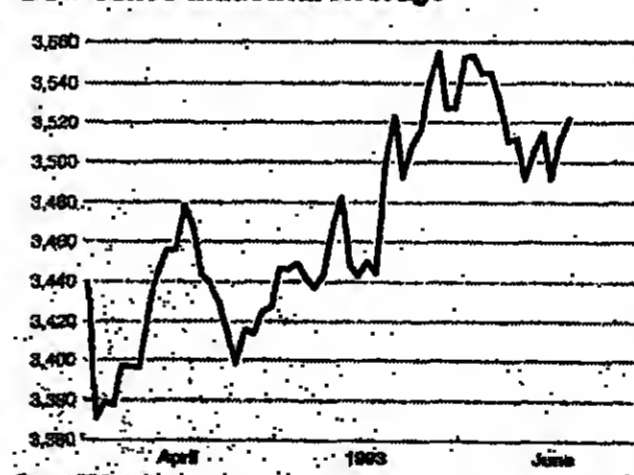
The Exchange then demanded that from Monday until the sale date of July 16, bargains of over 100,000 shares must be notified to the Stock Exchange.

Warburg's other issue, the £1.3bn Zeneca rights, which closes on Monday, was looking distinctly more cheerful by Friday night, with the shares closing at 62p compared the 60p rights price. And MEPC was the last of the big seven property companies to raise new equity this year, with a £221.9m rights issue taking the total to over £1bn. If that seems a lot, it is worth noting that a sausage skin manufacturer can be valued at £22m - as Devro International was earlier this week.

Wall Street

Scare stories put a little fizz into trading

Dow Jones Industrial Average



results season, which begins in mid-July.

The US economy seems to be growing solidly, if unexpectedly, at around a 3 per cent annual rate, but that still leaves room for some nasty earnings surprises, both at home and among multi-national as exposed to weak markets in Europe and Japan.

The airline sector fuelled these anxieties this week when

in May, which was continuing into June, and said international performance was "very weak." USAir warned that it would show after-tax losses for both the quarter and 1993 as a whole.

The warnings sent airline stocks in general sharply lower, since it dashed hopes that the business was finally turning the corner after nearly three years of record losses.

H.J. Heinz, the foods group, found its stock under pressure after it announced a \$192m pre-tax charge against fourth quarter earnings to pay for a range of cost-cutting moves, involving an 8 per cent cut in its worldwide workforce of 35,500.

Tony O'Reilly, Heinz's chairman, said this would help speed up productivity improvements and concentrate a three-year rationalisation programme into a year. But analysts said the action was a sign of the price pressures being put on big consumer products companies by an extremely competitive retailing industry, and several lowered their forecasts of Heinz's 1994 earnings.

Kay Whitmore, the embat-

ted chairman of photographic products group Eastman Kodak, scarcely got a more enthusiastic reception on Wall Street when he announced plans to spin off the group's chemicals company as a separately quoted company.

Whitmore is facing strong shareholder pressure to improve Kodak's lacklustre earnings and analysts had long urged him to dispose of the chemicals business. So when the announcement finally came, it was distinctly anti-climactic and was seen as one small step in the group's struggle to turn around.

The spin-off is just an hors d'oeuvre, designed to satisfy Wall Street's hunger for action before Whitmore unveils his master plan for Kodak in September. But if that fails to impress, there will be some real flashing of sharp instruments.

Martin Dickson

Monday	3514.63	+ 9.68
Tuesday	3492.00	- 22.69
Wednesday	3511.65	+ 19.65
Thursday	3521.88	+ 10.24

The Bottom Line

Kenneth Clarke's very own smokescreen

FEW SPEECHES have received such an absurd degree of undeserved attention as this week's peroration in the Guildhall from Kenneth Clarke.

I say this without any disrespect to the new chancellor who charmed the City dignitaries while offering no obvious hostages to fortune. The point is rather that expectations of the man, whether for good or ill, are wildly overblown.

One group, with a strong anti-inflationary bias, is busy looking between the lines for evidence that Clarke will prove a worthy successor to Maudling, Barber and Lawson. It seeks to establish the precise means by which he will wreck the economy on his way to Number 10 Downing Street. A powerful sub-text is the desire for an independent Bank of

England to pin the feet of this dangerous populist to the ground.

At the other extreme are those who want the genial health risk from Nottingham, with his penchant for a pint and a cheap cigar, to go for growth and bring down unemployment. For them, the restoration of Britain's manufacturing base is the preferred route to recovery.

One can sympathise, up to a point, with either camp. The people who worry about another inflationary dash for growth have plenty of history on their side, together with intellectual underpinning from public choice theorists.

These are the academics who talk about the economics of politics and refer to people in Whitehall as rational utility maximisers - ie, a bunch of blackguards who cynically manipulate the system in their

own personal and political interests.

The same academics also worry about a politically engineered business cycle and throw in a good economic argument in support. While it is widely accepted that there is no long term trade-off between inflation and unemployment, there is undoubtedly a short term trade-off. This the politicians can exploit for electoral advantage at the cost of more inflation later for the same level of output. An independent central bank would help correct the in-built inflationary bias.

As for the pro-growth lobby, its members can reasonably argue that global commodity inflation is no longer a pressing threat. Moreover, electorates and markets have grown wise to the ways of politicians, which makes it harder for them to debase the currency

in their pursuit of growth.

The trouble with both sets of arguments is that they attribute superhuman powers to the politicians. Even if Clarke really is a blackguard, it is questionable whether he would or could do the evil deed intentionally. Each new set of ex-chancellor's memoirs unfailingly reveals a world where ministers and their officials live in a statistical fog, in which all forecasts are wrong and nobody really understands how the economy works anyway.

Moreover, the central perception of public choice theory that governments create budget surpluses less readily than they create deficits is irrelevant when all the leading economies bar Japan are already substantially in deficit. How will Clarke use fiscal policy to maximise his personal utility, starting with a budget deficit

equivalent to 8 per cent of GDP?

As for monetary policy, the striking feature of its workings in the US, which has a huge overhang of debt, is that successive reductions in interest rates and continuing dollar weakness have failed to spring more than a modest and fragile recovery.

Britain looks set for a similar experience. With 14m or more labouring under the burden of mortgages that exceed the value of their homes, it will take much more than another point off the mortgage rate to bring back the house price spiral.

Nor will last September's devaluation have much inflationary fall-out when Germany is casting a deflationary spell over Europe, the dynamic Asian economies are beginning to impose painful structural adjustment on the Community

and supply is utterly elastic. As Brian Reading, of Lombard Street Research, remarked, we have the very opposite of too much money chasing too few goods.

This does not mean the inflation threat has gone for ever. But it certainly looks premature. Indeed, it is hard to conceive of a worse moment to unleash an independent central bank, whatever the intrinsic merits.

As for growth, it stems ultimately from the cost-conscious pursuit of productivity. Few chancellors manage to be cost-conscious, whatever their aspirations and rhetoric. None can enhance productivity directly. In short, neither conspiracy nor salvation is wholly within Clarke's gift. But he can always change the price of a pint and a cheap cigar.

John Plender

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Bradford & Bingley	11.63	10,000	29/6/92	100.13	115.25	10.09
Bristol & West	13.38	1,000	11/12/91	101.79	125.50	10.68
Bristol & West	13.38	1,000	31/10/91	100.34	125.60	10.66
Britannia (1st)	13.00	1,000	13/1/92	100.42	123.50	10.53
Britannia (2nd)	13.00	1,000	8/10/92	107.13	123.50	10.53
Cheltenham & Gloucester	11.75	50,000	21/10/92	100.96	114.00	10.31
Coventry**	12.13	1,000	28/5/92	100.75	114.25	10.61
First National	11.75	10,000	4/5/93	100.25	103.25	11.38
Halifax	12.00	50,000	23/1/92	100.28	121.00	9.92
Leeds Permanent	13.63	50,000	3/5/91	100.00	133.50	10.21
Leeds & Holbeck	13.38	1,000	31/3/92	100.23	125.00	10.70
Newcastle	12.63	1,000	8/9/92	100.45	123.25	10.24
Newcastle	10.75	1,000	15/6/93	100.32	102.25	10.51
North of England	12.63	1,000	23/5/92	100.14	121.25	10.41
Skipton	12.88	1,000	27/2/92	100.48	117.00	11.00

Financial reports and accounts are not normally available until about 6 weeks after the board meeting to approve preliminary results.

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Dividends are shown net pence per share and are subject to the following conditions:			

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FINANCE AND THE FAMILY

EMERGING stock markets are potentially one of the most exciting investment areas. They consist of the stock markets of developing countries, mainly in Latin America and south east Asia, which many experts believe may offer higher returns than the developed markets of the UK, US and Europe.

The arguments are that developing economies are growing faster than those in the developed world; that their economies are liberalising and encouraging foreign investment; and that they are starting to develop domestic investment institutions (such as pension funds) which will support a flourishing stock market.

With these extra returns come extra risks. Some economies are prone to inflation; others to political instability. Traditions such as audited accounts, the idea that companies are run for the benefit of shareholders, not managers, are not so well entrenched. The markets are less liquid making it harder to buy and sell stocks.

Private investors can best tap the potential of emerging markets via one of the unit and investment trusts specialising in the area. There are arguments for and against both vehicles. The illiquid nature of emerging markets can prove a problem for unit trusts; the need to obtain cash to meet redemptions may force the manager to sell his best holdings at the wrong time.

For an investment trust, emerging markets can go in and out of fashion. When markets are fashionable, trusts often trade at a premium to net assets; that is, investors must pay, say, 105p to buy 100p of assets. But when markets fall from grace, funds can slump to wide discounts, as investors in many of the offshore closed end funds have found.

These problems and risks are more acute for single country funds. First time investors would be better off looking at one of the global, or regional, emerging market funds with a diversified portfolio.

There are seven emerging markets investment trusts in issue, although John Govett is now launching another and Kleinwort is expected to follow. The largest (and the best performing over the last three years) is Templeton Emerging Markets, with a return of 101.2 per cent over the period (mid-market to mid-market with income reinvested).

However, Templeton is trading at a premium, indicating that there is demand for more issues in this area. The Govett fund, sponsored by Hoare Govett Asia, is offering 30m ordinary shares at 100p each, with warrants attached on a one for five basis. The costs of the issue are 4.8 per cent and the annual management fee is 1.25 per cent; minimum subscription is £2,500.

Emerging market unit trusts are included in the international equity growth sector. City of London Emerging Markets is top over one year, with growth of 56.3 per cent (offer-to-hold with income reinvested). It is unusual in that it invests not directly in equities, but in other managers' closed end single country funds. Prosperity Emerging Markets is top of the sector over five years, with growth of 187.3 per cent.

For those seeking exposure to individual countries, there are a number of single country Asian funds such as Save & Prosper China Dragon and Providence Capital Thailand.

Asia attracts a large proportion of emerging markets investment. Strong economic growth is predicted both this year and next - Govett sees 1994 GNP growth ranging from 3.4 per cent in the Philippines and 6.2 per cent in Indonesia, to 9.5 per cent in China and 8 per cent in Malaysia.

Recovery in Japan and the US is expected to boost the export-oriented economies of the region, and interest rates are falling.

The boom in China has caused much excitement, but many fund managers now see it as a long-term rather than short-term bet. The expected cooling-off in China could also affect other countries.

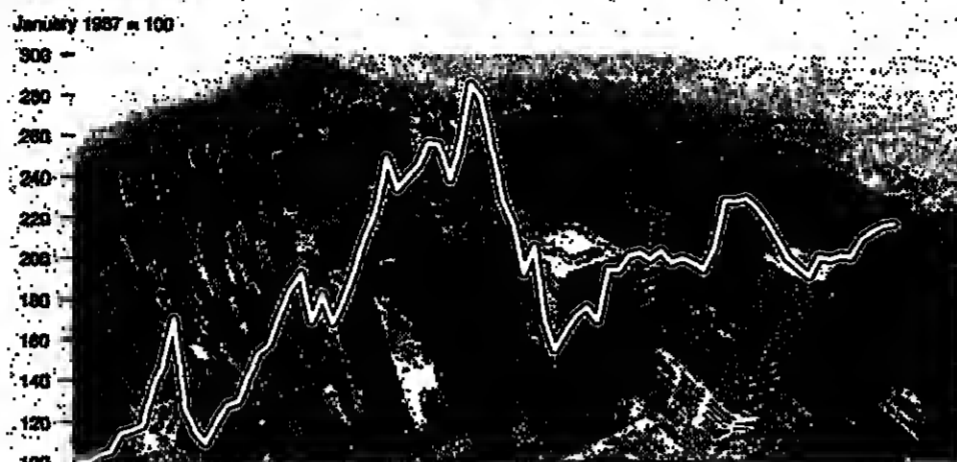
"China is the engine driver of the whole region at the moment, but it is so difficult to get exposure to China," says Qais Zakaria of Save & Prosper. Only a few stocks are listed on the two Chinese exchanges at Shanghai and Shenzhen, and demand is strong. Hong Kong is a popular proxy, but can be volatile in response to news from China.

The Taiwanese market's record of boom and bust cycles puts off many investors; the outflow of funds to China has

The emerging stars of tomorrow

Philip Coggan, Scheherazade Daneshkhu and Bethan Hutton on the high-risk, high-reward markets

Emerging markets Composite Index



Source: FT Graphs

also affected liquidity. A few fund managers see some good prospects by the end of 1994. Zakaria sees Korea and Malaysia as the two markets to watch. Korea should benefit from the improving US economy and the strong yen, which will allow Korean companies to increase their margins a little. He thinks profits could increase by up to 30 per cent. However, there are technical

difficulties to investing in Korea: foreign holdings of any stock are limited to 10 per cent, and many have reached that level. Limits are unlikely to be raised for another year.

Govett Oriental has done well in Malaysia and other funds are heavily weighted there. "We like the Malaysian economy, we think it is well run," says Zakaria, who sees it as a long-term buy. But Ashok

Shah of Providence Capital warns that the Malaysian market is vulnerable to a reasonably sharp correction. "We would advise caution. At best it is a hold."

Indonesia, Thailand and the Philippines also have good growth prospects, but are struggling with structural and political problems.

Another area opening up to foreign investment is the

Indian sub-continent, where economic reforms based on IMF recommendations are starting to work through in India, Pakistan and Sri Lanka. But some barriers remain. India imposes a capital gains tax of up to 30 per cent on foreigners. "You have to realise if you are an emerging market that you live in a much more competitive environment. If India puts up barriers, then people say forget it," says Charles Fowler, of Govett. However, Tristan Clube, a fund manager with Martin Currie, says he has been putting more emphasis on the Indian sub-continent.

Latin America has lost its glow after a bull market run which peaked in summer 1992 after a series of economic and political reforms. The markets are very different, ranging from Mexico, the most developed with a market capitalisation of \$180bn, to the small illiquid markets of Colombia and Peru. Brazil is the second largest with a market capitalisation of \$75bn.

Although many fund managers are disappointed about the performance of the past year, most are still heavily invested in the region. Templeton Emerging Markets investment

trust has a 15 per cent holding in Brazil, where the market has risen by 13 per cent in dollar terms in the year to June 1993. Brazilian companies are cheap and have good managers, according to Latin American Securities, but the potential for growth has been hampered by political setbacks in the past year.

Fleming Emerging Markets investment trust favours Mexico where it has a 17 per cent weighting. Philippa Armitage, fund manager, says that uncertainty over whether the North American Free Trade Agreement will be supported by Congress has depressed the market. However, she believes that even if NAFTA is not resolved, Mexico will be able to generate its own growth.

The volatility of this area means that cautious investors should diversify risk via a regional fund rather than a country fund. Latin American Investment Trust, which has \$140m under management, has its heaviest weighting in Mexico and Brazil (53 per cent) but also holds 14 per cent in Chile, where a fall in interest rates is expected to push the market up.

Europe: Turkey is flavour of

the month due to a spectacular performance in the past year. The market has risen by 61.7 per cent in dollar terms in the year to June, according to Olliff and Partners, a stock-broking firm specialising in investment trusts. The growth has been fuelled by domestic consumption, said Radhika Almera, fund manager for the Turkey Trust, the best performing investment trust in the emerging markets sector, with growth of just over 60 per cent in the year to June 1, according to Micropal.

Elsewhere in Europe, Olliff and Partners says it feels "fairly bullish" about Portugal because of its potential for lower interest rates and recovery. Isabel Gouri, manager of Schroders Mediterranean Investment Trust, which holds roughly half its investments in the European emerging markets and the rest in France, Italy and Spain, says that "there is a lot of catching up to do by the small European countries in the process of European unification, so the prospects for growth there are higher. Investment in these countries is also a play on deregulation and liberalisation."

Interest in Eastern Europe is focused mainly on Poland and Hungary. Poland's stock market has seen a rise of 200 per cent in dollar terms in the last three months, according to Gouri, but privatisation issues are limited and liquidity is tight.

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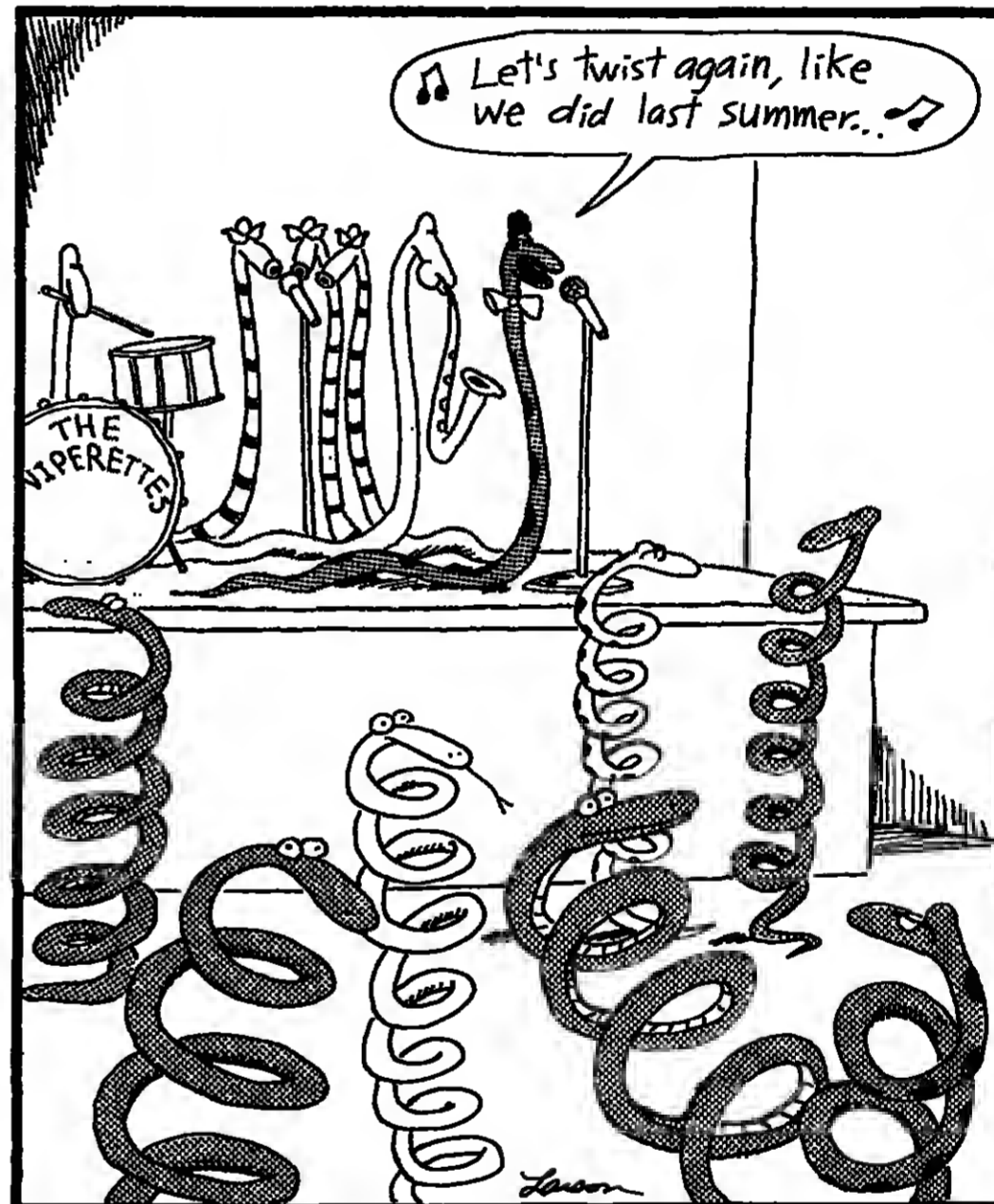
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At each anniversary of purchase we will write and tell you the guaranteed rate for the following 12 months and also the bonus rate if applicable. You then have the option of leaving your money invested for a further 12 months, in which case you need take no action. Or, if you prefer, you can cash in your bond. There is no penalty for a repayment, or part repayment, at an anniversary date. If you cash in between anniversary dates you will be repaid the most recent anniversary value of your bond plus net interest at half the fixed rate for the period from the last anniversary. No interest is earned on repayments before the first anniversary.

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If you do, please quote your Holder's Number G

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All forenames

Permanent address

Postcode

Date of birth Day Month Year 19

If the bond is to be held jointly with one other person complete section 4.

4 Surname M (Mr Mrs Miss Ms)

All forenames

Permanent address

Postcode

Date of birth Day Month Year 19

5 I understand the purchase will be subject to the terms of the Prospectus

Signature(s)

Date

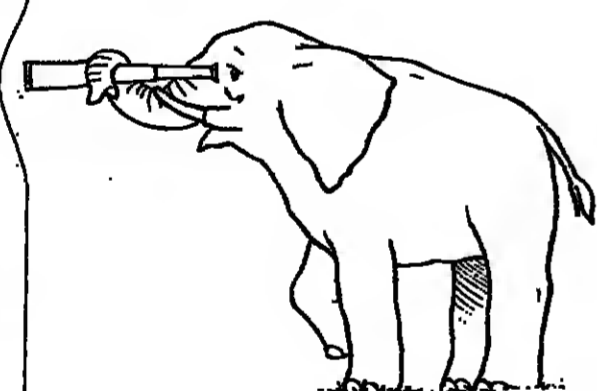
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FINANCE AND THE FAMILY

...but get me to the church on time

You can insure against most wedding day disasters, says Bethan Hutton, including the vagaries of the British weather

THE WEDDING and summer fete season is in full swing during June but, as usual, the British weather is taking its toll on open-air events.

Rain is one hazard that the organiser of any outdoor event has to consider - would a downpour force you to cancel the event or affect your takings? If you think anything more than a drizzle would ruin your day, rather than crossing your fingers and hoping for sunshine, there is the option of Pluvius insurance, which allows you to insure against a specified level of rainfall.

This type of policy can compensate for cancellation, ticket refunds or lost revenue. It is also known as measured rainfall cover. Naturally, the cost of cover depends on where in the UK the event is being held - the rainiest places, such as the Lake District, incur higher premiums - as well as the sum insured. The organisers of last year's Blairgowrie Highland Games paid £415 for cover with Eagle Star. After more than a fifth of an inch of rain fell in a three-hour period, Eagle Star paid out £10,000.

If you are running a fishing competition or a kite festival, a wet or windy day may

be essential - so you can also insure against fine weather. However, you cannot merely listen to the weather forecast the day before and rush to your insurers if the outlook is bad: insurance must be taken out at least ten to 14 days in advance.

The oldest provider of Pluvius insurance is Eagle Star, which is still the market leader after 70 years, and bases its premiums (minimum £100) on weather records going back over a century. Other companies, such as Cornhill, now offer similar policies.

Of course, disastrous weather is just one of many factors which could affect the success of an event. Other circumstances could force you to cancel - the star booked to open the fete might not show up, your cash box could be stolen, or someone could be injured tripping over a marquee rope.

General policies covering charity fairs, boot sales, agricultural shows, gymkhanas etc can provide cover for a variety of risks, with premiums depending on the size of the event. Independent Insurance, Insurex Expo-Sure, Cornhill and Lombard Continental are among companies offering cover but a broker may be able to advise



on what is available.

Weddings are seen as a special case by many insurers. If one reads the list of contingencies covered by specialist wedding policies, it can seem like a miracle if a wedding ever passes smoothly.

Snags can include photographers falling to turn up or forgetting to put film in their cameras; coffee spills on the bride's dress; theft of gifts; wedding car breakdown; the reception venue closed by a bomb scare; and a business going bust soon after the reception booking is made. Illness, death or unemployment affecting the couple or their close relatives can mean the whole wedding has to be called off.

Specialist policies will normally cover all the situations described as well as loss or damage to hired suits, flowers, rings and other wedding paraphernalia. Cancellation because one half of the couple gets last-minute cold feet is not covered.

Cornhill's Weddingsurance policy (tel: 01934-575451) costs £45. Extensions are available if you want higher cover for a particularly expensive wedding dress, or need to insure a hired marquee, for instance.

Grand UK insurance (0603-767699) offers

a standard wedding insurance package at £42.50, with optional honeymoon travel insurance available.

Insurex Expo-Sure (0892-511500) charges £150 to insure a wedding costing £5,000, with up to £10,000 cover for damage to the church, reception venue, and the same again for damage to clothing, gifts and so on.

Leisurecare (0793-514199) has branched out into wedding cover via honeymoon travel insurance. The price of its package is determined by the amount of cancellation cover needed: up to £3,000 costs £40, up to £5,000 costs £60, and quotes can be made for higher figures.

The package also covers re-arrangement expenses, clothing, rings, presents, photographs, liability etc.

The basic package from Methodist Insurance (061-633-9898) costs £30 and covers cancellation, wedding attire, photographs, presents and public liability. Higher levels of cover are available.

Provincial (0633-723415) is planning to

'Unfair' rates of interest

BUILDING societies charge "unfair" rates of interest risk having to pay compensation to savers in a case handled by the building societies ombudsman, says their annual report this week.

Savers have seen their income almost halve since interest rates peaked in 1990. Most complaints to the ombudsman centred on the failure of societies to alert investors to new accounts offering higher rates than the ones in which they had placed their savings.

Although the ombudsman reiterated their decision, arrived at last year, that the onus is on investors to be vigilant, they also said that if interest rates paid were "unduly low", these could be held to be unfair even if the society had publicised them.

This is what happened in a case where investors bought a two-year variable rate bond with a minimum investment of £10,000. The society closed the bond to new investors and then reduced the rate to less than that paid on tiers above £10,000 on its 90-day notice account and some tiers of its

instant access account.

Investors knew the rate they were being paid but were powerless to do anything. The terms of the bond did not allow them to give notice. The society - which was not named by the ombudsman - was forced to pay compensation of up to £1,400 each to 30 investors.

Complaints about mortgage interest rates rose 35 per cent to 367; most were about the tardiness of building societies in bringing down their mortgage rates after a base rate cut.

One particular area of concern was home income plans - complaints nearly quadrupled to 112 - and complaints about mortgage protection plans. In many cases, the ombudsman found themselves tied by their terms of reference which does not allow them to make decisions about events which happen before a mortgage or investment is taken out, unless the building societies involved agree to it.

"It is fundamentally unsatisfactory that our jurisdiction depends on the building societies agreeing to it," said Stephen Edell, one of three ombudsmen who prepared the report.

Nine of the 21 societies

against which complaints about home income plans and equity release schemes were made have refused to co-operate with the ombudsmen. These are: Alliance & Leicester, Bristol & West, Chelsea, Leeds, National Counties, Newcastle, Northern Rock, Staffordshire and West Bromwich.

One case on mortgage protection cover which did fall within the ombudsmen terms of reference led to the highest compensation - £22,500 - awarded during the year.

A customer applied for a mortgage with a society which required him to take out mortgage protection insurance. He did this through the society. The mortgage was completed on December 15 1989 but the society did not arrange cover for him until January 1 1990.

The unemployment insurance excluded the first 90 days of unemployment but he lost his job more than 90 days after December 15 but less than 90 days after January 1.

The ombudsmen found that the society was guilty of maladministration and ordered it to pay the amount the policy would have paid out, as well as compensation for inconvenience and some legal costs.

The number of initial complaints dropped slightly to 3,402 from 3,535, and just over half related to mortgages.

Scheherazade Daneshkhu

Doing the Splits

Investing in debt

MEZZANINE Capital and Income Trust 2001 is one of the most unusual funds in the split capital sector. It has a very small portfolio of investments; it invests mainly in debt, not equities, and it concentrates on unquoted companies in the US.

But this unusual formula has proved successful. The capital shares of the trust have been the best performing of all investment trust shares over the last five years, with a rise of 276.8 per cent to June 1.

The trust was formed in 1986, raising £25m, at a time when leveraged buyouts (LBOs) were a highly popular financing tool in the US. LBOs involve managers raising debt to finance the takeover of companies from their shareholders. It was argued that giving managers an equity stake in the business would encourage them to work hard and efficiently; furthermore, the high level of debt would "concentrate their minds" on generating cash to pay the interest.

MCIT buys, as its name suggests, the mezzanine level of debt. Mezzanine debt is not secured by assets but pays a higher yield than secured debt, to reflect the higher risk involved. (It is known as mezzanine because it is the layer between debt and equity). The trust also buys equity stakes in the buyout companies, giving it the prospect of capital growth should the company be sold to a competitor or float on the stock market.

The image of leveraged buyouts suffered in the late 1980s, because of a few prominent corporate failures and the downfall of junk bond king Michael Milken. To date, the portfolio has had no failures; the managers, US group Jordan/Zalansnick Advisers, claims this is because of its experience and its concentration on private companies.

The income shareholders are entitled to all the revenue of the trust; the capital shareholders receive no income. The capital entitlement of the shares is more complicated. The first claim on the assets goes to the capital holders to the extent of £1 per share; the next claim goes to income holders, also at £1 per share; after that, assets are split 90 per cent to the capital shareholders and 10 per cent to the income holders.

According to Robbie Robertson, of NatWest Securities, there are more than enough assets to repay the capital shareholders at the current share price of 178p. If the assets grow at 5 per cent per annum, the capital shareholders will receive a gross redemption yield of 10.9 per cent; 10 per cent asset growth translates into a gross yield of 17.1 per cent per annum.

For income shareholders, zero growth in assets and dividends.

denials would result in a gross redemption yield of 3.8 per cent per annum; 5 per cent asset growth would translate into a yield of 9.2 per cent per annum, says Robertson.

As the accompanying bar chart shows, the dividend was cut in the year to March 31. This reflected a restructuring at one of the group's investments, American Safety Razor, which issued payment-in-kind notes.

American Safety Razor has floated on the NASDAQ exchange in the US, with the result that \$1.5m debt has been repaid, including the notes. As a result, MCIT is paying a special interim dividend of 4p per share, more than making up for last year's cut.

The trust has a highly concentrated portfolio with just nine stocks. The ninth was only announced this week - LePage, a tape and sealing products maker, where the trust is investing \$9m in a combination of debt and equities.

Valuation is always a key issue at a trust which has large unquoted holdings.

MCIT values its debt at cost and then relies on an independent valuation of its equity investments by the US group Donaldson, Lufkin & Jenrette. DLJ, in its report for the year ending March 31, indicated a range of values from \$31.1m to \$34.9m; MCIT adopted the lower figure. To date, when investments have been realised, MCIT has achieved an uplift on the balance sheet valuation.

According to John Korwin Synanowski, of brokers S G Warburg Securities, the portfolio structure is: loan notes 38.5 per cent; preference stock 38.5 per cent; unlisted equity 22.5 per cent; listed equity 18.1 per cent; and cash 17.5 per cent.

The concentrated portfolio of the trust makes it higher risk, and its dollar assets means British investors also face an exchange rate exposure. Nevertheless, the record-to-date has been excellent.

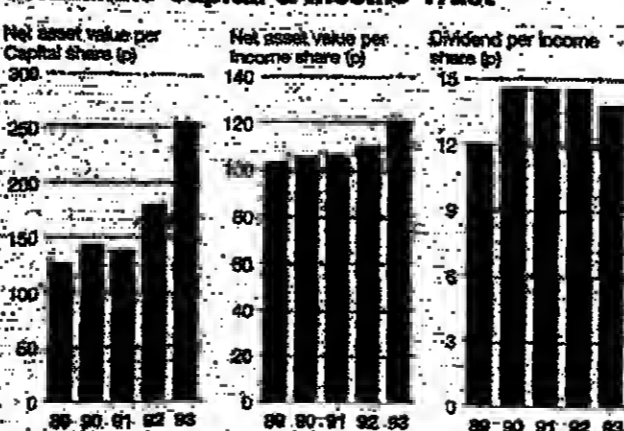
Key facts. As of March 31, the trust had net assets of £56.4m (including £12.36m of cash). The manager's fee is 1.5 per cent of net assets per year. The trust is due to be wound up in December 2001.

Beard, John Green-Armytage, the chairman, is a former managing director of the Guthrie Corporation. Other directors are: Gary Brass, managing director of Consulta, a private investment advisory company; Edwin Goodman, a general partner of Hambro International Venture Fund; James Jordan, an executive with the Jordan company; and Andrew Wilthey, senior investment strategist with James Capel Investment Management.

Savings scheme and Pep details. The trust has no savings scheme and does not qualify for Pep status.

Philip Coggan

Mezzanine Capital & Income Trust



Directors' transactions

THIS WEEK'S column is dominated by sales, many of which were option related. The heaviest selling, however, was in Rathbone Brothers, the investment management company. In the past Rathbone directors have been prepared to meet institutional demand with modest sales, but this week's grouping of nine directors is on an altogether larger scale.

Against a difficult background, and in contrast to many of their peers, Rathbone Brothers has enjoyed considerable success over the past three years. Shares sold by directors have been placed with institutions and the tone of the chairman's most recent statement remained optimistic.

Betterware has been one of the retail success stories of recession. The huge sales by Stanley Cohen, non-executive vice chairman, and Andrew Cohen, managing director, followed sustained outperformance over the last 12 months. The company says the sales were made to satisfy institutional demand. The Cohens, the directors and their families continue to speak for just over 50 per cent of the equity.

Figures for the selling at T Cowie do not tell the full story. Gordon Hodgson, chief executive, exercised an option over 200,000 shares and sold the lot. At the same time however, three other directors exercised options over 700,000 shares selling a significant number.

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & US\$)

Company	Sector	Shares	Value	No of directors
SALES				
Acorn Computer	Elek	80,000	80	1
Bemrose Corporation	Pack	65,881	225	1
Betterware	Stor	13,400,000	30,820	2
BMSS	BdM	100,000	110	1
City Centre Reprints	H&L	88,000	76	1
Courtauld Textiles	Text	120,000	678	3
Cowie (T)	Med	200,000	434	1
Progras Estates	Prop	20,000	85	1
Land Securities	Prop	50,000	295	2
Maris & Spencer	Stor	19,821	88	1
Mercury Asset Mgmt	OHF	24,000	126	2
Perkins Foods	FdM	300,000	309	1
Portmation Foods	Misc	120,000	454	1
Radii Cycle	Med	11,845	34	1
Rathbone Bros	OHF	390,750	1,018	9
RMC Group	BdM	50,000	370	1
Royal Bank of Scot	Bank	212,500	614	1
Trinity Int	Med	48,587	181	2
Vesper Thornycroft	EngG	125,200	718	3
Wilson Bowden	GC&C	2,700,000	11,825	1
Wyndale Garden Ctr	Stor	100,000	180	1
PURCHASES				
Albert Fisher	FdM	70,000	47	1
Babcock Int	EngG	57,258	20	1
Betterware	Stor	100,000	230	1
Capital Gearing Ltd	N/A	6,700	27	1
EFT Group	OHF	594,000	152	2
Gent (SF)	Text	400,000	176	1
HL-Tec Sports	Med	40,000	20	1
Martin Currie Pacifi	InTr	19,500	75	1
Orlaine	Stor	50,000	115	1
Providence Financial	OHF	13,500	47	2
Sumit	InTr	105,000	58	2
Transatlantic Cnv	Incl	35,000	123	1

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (7.5% of the value of the transaction, with a value over £10,000, information released by the Stock Exchange 7-11 June 1993. Source: Deutsche Ltd, The Inside Track, Edinburgh

These latter transactions are not included in our column because they did not sell their entire holdings. They did, though, sell almost 400,000 shares between them.

Colin Rogers, the Inside Track

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Account	Telephone	Notice/term	Minimum deposit	Rate %	Int. paid
INSTANT ACCESS A/c's					
Co-operative Bank	Pathfinder	0345 222000	Instant	£100	5.54% A
Shropshire Building BS	Post	0302 302080	Instant	£500	8.75% A
Stratford BS	Capital Trust	0538 388115	Post	£10,000	7.05% A
Manchester BS	Money By Mail	061 838 5545	Post	£25,000	7.25% A
NOTICE A/c's and BONDS					
Stratford & Singly BS	Direct Notice	0345 247247	30 Day	£1,000	7.00% A
Stratford BS	Post	0302 302080	30 Day	£2,500	7.30% A
Chelms BS	Premier VII	0302 302080	30 Day	£10,000	8.00% A
Chorley & District BS	Asley Share	0257 278783	6 Mths	£25,000	8.50% A
MONTHLY INTEREST					
Stratford BS	Capital Trust	0600 654458	Post	£5,000	6.55% A
Stratford & Singly BS	Direct Notice	0345 247247	30 Day	£25,000	7.50% A
Newcastle BS	Novel Star VII	0252 226778	10 Mths	£5,000	7.50% A
Chelms BS	Premier VII	0302 302080	30 Day	£10,000	8.50% A
TESSAs (Tax Free)					
Hindley & Rugby BS	0455 251 234	5 Year	£25	8.05% A	Y
Stratford BS	0383 721621	5 Year	£3,000	8.00% A	Y
National Counties BS	0372 738702	5 Year	£3,000	7.90% A	Y
Dudley BS	0354 221414	5 Year	£10	7.87% A	Y
HIGH INTEREST CHEQUE A/c's (Direct)					
Caledonian Bank	NICA	081 556 8235	Instant	£1	5.50% A
Chelms BS	Classic Post	0800 717515	Instant	£2,500	6.10% A
Northern Rock	Current	0800 581500	Instant	£50,000	7.07% A
OFFSHORE ACCOUNTS (Direct)					
Woodwich Guernsey BS	Woodwich Int	0481 715735	Instant	£500	8.25% A
Stratford & Singly BS	Derbyshire (Q&A) Ltd	0254 608080	60 Day	£10,000	8.25% A
Stratford BS	80 Day Notice	0254 608080	80 Day	£20,000	8.00% A
Bristol & West Int Ltd	Int Premier	0800 383222	8 Mths	£5,000	8.50% A
GUARANTEED INCOME BONDS (Fixed)					
Consolidated Life FN	Prosperity Life FN	081 940 8343	1 Year	£2,000	5.00% A
Consolidated Life FN	Consolidated Life FN	0800 521548	2 Year	£15,000	5.80% A
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MINDING YOUR OWN BUSINESS

Trying to open up an old market

Nick Garnett on the struggles of a shop for the elderly

"IT GIVES ME a lot of pleasure seeing elderly people using things I've sold them. I have just seen a man, who has difficulty walking, with a shopping trolley designed so that you can sit on it. If I hadn't sold that to him he would not have been out that day and he certainly would not have been shopping."

Annette Dand puts a finger on one of the blessings of running some types of small business. Serving the public often generates gratification, which is just as well for Dand because the main point of owning a company - making money - has proved elusive.

As a single parent with a young daughter and a divorce behind her, Dand was looking for a venture that would allow her flexibility in taking time off. In 1987 she set up Nanas & Papas, a shop in Leicester selling items for senior citizens.

The business has survived, no mean achievement in light of the recessionary death rate among new shops. But in the year to January 1992 pre-tax profit was just £5,000 on a miserly turnover of £44,000. Dand has been dependent on maintenance from her husband.

These figures paint an overly bleak picture of the company's finances. During the past six years

Dand has been able to generate enough gross profit to buy close to £30,000 of stock. Paucity of stock and of capital at the beginning of the tiny company's life is partly blamed by Dand for the venture's snail's pace growth.

"I started with 24,000 of my own money. The banks didn't really want to know. Finally enough one bank told me that if I invested £5,000 they would loan me a similar amount. I'm not much of a gambler and I'm glad I didn't borrow because of the way interest rates went up. But how can you start a business properly with just £3,000 of stock?"

Dand chose premises on the edge of Leicester where customers can park. The 270 sq ft retail unit carried a yearly rent of £5,000 (now £6,000). "There are shops catering for children and I didn't understand why there were not more shops selling things for elderly people. There is a huge market out there."

As the UK's population includes more than 10.5m of pensionable age, that is probably true. Boots, the chemists, recently introduced a catalogue on gadgets for the elderly and disabled.

Nanas & Papas started selling gift items suitable for the older genera-

tion, but shifted when a salesman brought in cheap, patterned dresses, perfect for the elderly age bracket and offered them on sale or return. "They sold really well. So I decided not to sell to people buying gifts for old people but direct to elderly people themselves."

Nanas & Papas sells needle threaders, walking sticks that double as seats, trays for carrying one-handed, electric plugs with handles and cutlery with fat stems for arthritic fingers. There are liberty bodices, socks without elastic for sufferers of thrombosis, pullovers with seams at the front to fit droopy shoulders, bed booties to prevent heel sores, and support tights that help ease varicose veins. Shoes come with wider and deeper fittings than normal. You can also buy oddities like carpet bowls and easy-to-read thermometers.

"The biggest problem was finding suppliers. If you have a dress shop you can just go to a clothes fair. I literally walked round other shops selling some of these things and went to fairs and exhibitions for gifts, shoes, equipment for the disabled and other things I sell."

Another difficulty was locating wholesalers prepared to supply her. "I wanted some magazines for the



Pattern for success: Annette Dand changed her strategy when she found out how well dresses sold

elderly but I'm not a newsagent so I couldn't go to a wholesaler. I couldn't use a chemist suppliers because I'm not a pharmacist. I also buy small quantities so I cannot benefit from volume."

Clothing provides the biggest chunk of revenue and margins

there are healthy. But most of the gadgets sell on mark ups of about 30 per cent, low for retailing.

Advertising has proved a headache. "It is difficult to advertise to old people. They don't seem to believe anything unless it is passed on by word of mouth. It is also very

expensive." Dand spends about £1,000 a year on it. A pensioner working on commission travels for her to all the area's residential homes.

Dand says that while lack of capital has been a drag on the company's growth, the business could

soon earn her about £10,000 a year. She wants to expand either through mail order or franchising. "I've found the suppliers so much of the hard work has been done."

Nanas & Papas, 21 Francis Street, Leicester LE2 2BE. 0533-705671.

SMALL enterprises throughout the EC are less well prepared for the single market than their larger brethren. A survey in Germany indicates that even in Europe's biggest exporting nation, small to medium sized enterprises are less well prepared than larger companies.

In the last four years there have been many schemes in the UK designed to increase awareness of the implications of the single market. The DTI's "Business Initiative" campaign has been the most heavily promoted but there have been many others inspired by trade associations, chambers of commerce, small companies groups and some of the Training and Enterprise Councils.

The proliferation of such schemes may be a problem in itself. There is evidence that businesses are confused by the multiplicity of information sources available. Even large companies have difficulty finding their way through the maze of information sources, so it is scarcely surprising that smaller organisations prefer to stay at

home and shun export trade missions, letters of credit, currency hedging and joint ventures.

The situation is easier for small businesses in France where Chambers of Commerce, with their roots in local communities, are responsible for much of the activity which in Britain is spread across many different agencies. In France all but the smallest traders are obliged to belong to the Chamber of Commerce to which they must pay a levy. The Chambers run business schools, conduct market research, organise conferences, act as lobbyists for industry and promote exports. A chamber will, typically, have responsibility for a certain industry and a certain part of the world. Thus, 22 of them specialise in the UK market. The decision of the DTI to

fund six "one-stop shops" for advice is an attempt to overcome the problems caused by the proliferation of advice centres.

Any small company which is considering breaking into an export market is well advised to engage experienced consultants to carry out the preparatory work. This will include assessing the market potential, discovering regulatory or technical requirements of the proposed market and evaluating possible distributors, agents or partners in a joint venture. Many small firms are put off by the costs associated with such consultants, although the DTI will, in many cases, pay half the cost of such research when it is undertaken by firms with fewer than 200 employees.

The cost can be further reduced by employing some highly professional, low

cost market research enterprises which are run in conjunction with university courses. The oldest of these is Scanmark at Buckinghamshire Business School, a college of Brunel University, which has been undertaking export market research for 20 years. It was conceived as a method of sharpening the marketing and linguistic skills of students on a post-graduate course in export marketing.

Past projects have included a survey of molecular biology techniques in three European countries; an appraisal of the European market for artificial sweeteners and the identification of suitable joint venture partners for a small company distributing pharmaceuticals in Europe. Fees have ranged from less than £200 to £20,000 - the latter for a study of the

European market for artists' materials. They so low because the fees cover travelling and living. Students with government grants would jeopardise their status if they worked for profit.

One disappointing feature of the operation is the reluctance of smaller companies to undertake market research. Most Scanmark customers are large companies such as Pepsi-Cola, Gillette and Chubb. There seems to be a deeply held belief among small businesses that market research is something only large companies can do, especially if it involves talking to foreigners. It can be difficult to convey that big companies grew big by undertaking research into market opportunities.

Good market research is within the reach of any business that is serious about

exporting because of The DTI's Export Marketing Research scheme. There are two other options. One is to go ahead without doing the research which will probably lead to failure and possibly to ruin. The second is simply to ignore the opportunity of breaking into new markets, which is what most smaller companies do.

Sue Rush, who completed the Scanmark programme in 1984, said: "It's not only the giants of industry who need to understand their customers' requirements but all those who are in business to make money."

For details of the DTI's scheme contact the Association of British Chambers of Commerce, 4, Westwood House, Westwood Business Park, Coventry, CV4 8HS Tel: 0203-694494.

Scanmark, The Business School, Buckinghamshire College, Newland Park, Chalfont St Giles, Bucks HP8 4AD Tel: 0494-574137 Fax: 0494 571954.

Stephen Halliday is principal lecturer in small business at Buckinghamshire College Business School.

Small steps into export markets

Stephen Halliday explains how everyone can afford vital market research

Reclaiming an unfair tax

IN 1991 Customs and Excise decided that a number of nursing agencies operated as "principals" rather than "agents" and were therefore liable for VAT on the whole of the bills paid by their clients for home care assistants (though not for registered nurses) instead of only on the commission element as previously. This extraordinary ruling has been overturned on appeal. But meanwhile many invalids and disabled people have paid out VAT which should not have been charged, in some cases to the tune of several thousand pounds.

Please could you indicate how they should set about getting a refund from Customs and Excise?

Any refund which is due should be sought from the nursing agencies who have submitted bills to their clients. If the agencies have overpaid VAT they will reclaim it from the Customs and Excise. The rights of clients to reclaim may depend on the form of bills rendered to them. If the bills showed VAT as a separate item and it is properly chargeable, the amount shown as VAT should be returned. If the bills did not show VAT separately the clients may well have no legal right to a refund. In such cases they should ask the nursing agency if they would be willing to make a refund.

Beneficiaries as executors

MY WIFE and I are contemplating new wills to replace those we made 12 years ago. On the last occasion we had but recently returned to a town where we had lived for many years so when the solicitor asked about my executors, we said that we had no one in mind. He asked us, therefore, about nominating members of his staff, something to which we then agreed, not realising the hourly rates that would be levied for this service.

Is it now possible to appoint a beneficiary under the will as executor or executrix? Would only one executor or executrix suffice, or must there be more than one? What is the exact responsibility of such a nominee? Is it to ensure that the wishes of the deceased as set out in the will are in fact

Q&A

BRIEF CASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All enquiries will be answered by post as soon as possible.

faithfully carried out and to see that the solicitor secures probate as quickly as possible, thus ensuring that the debts are made with a minimum of delay?

I see no problem in your appointing a beneficiary in your will as an executor or executrix. One executor would suffice but I suggest that you have two, in case one dies prematurely.

The executor's duties would include obtaining probate at the earliest opportunity and ensuring that the estate is devolved in accordance with your wishes. It is normal to have a professional as an executor or executrix so that he or she can advise on the legal formalities. However, there is nothing wrong with your appointing non-professionals who can then seek professional advice where appropriate.

This reply was provided by Barry Stillerman of Accountants Stoy Hayward.

Can rebates be capital?

IS AN Income tax rebate classed as capital?

I am entitled to a life interest under my late husband's will and the capital is for the children on my death. My late husband died in August 1991. In June 1992 the Inland Revenue returned £937.90. My solicitor has kept this and maintains it is capital.

You are entitled to the income which arose from your husband's assets after his death (and to the benefit of the tax credits etc. carried by that income), but the tax refund in June 1992 presumably related to income which arose during his lifetime. That being so, it does indeed form part of the capital of the trust established by his will, so what the solicitor did is correct.

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HOW TO SPEND IT

■ The futuristic shape and funky colours of the Tutti Frutti stool are typical of new 1990s furniture. Allison Thomas, 28, designed the first version while still a student at the Royal College of Art. She has since developed a series of variations on the same basic theme of a seat moulded in the shape of three footballs sitting on a Lycra-clad steel frame.

The Tutti Frutti has already gone on show in the Design Museum. Liza Bruce, the fashion designer, snapped up a couple in different colours to add to the collection of contemporary furniture at her west

London home.

Thomas, who cites her influences as the early modernists, Gerrit Rietveld and Jean Prouvé, farms out the production of her stools to different factories.

"It's definitely more difficult to design furniture for industrial production," she says. "The specifications are more complex and there are always cost constraints. But the end result is much more satisfying."

Allison Thomas, 14 Midhope House, Midhope Street, London WC1. 071-278 6929.

BOLD and BRIGHT in the 1990s



Alice Rawsthorn considers the decade's emerging, technology-conscious furniture designers

FOR YEARS the British furniture scene has been dominated by the same trio of designers - Ron Arad, Jasper Morrison and Tom Dixon - who made their names in London in the 1980s and who have gone on to establish themselves in the international market.

It has taken time for a new wave of young designers to emerge in the early 1990s. A recession is not, after all, the best time for fresh ideas to flourish. But just as fashion is changing with the arrival of names such as Martin Margiela and Ann Demeulemeester, the next generation of furniture designers is beginning to break through and to develop a different style for the 1990s.

The key themes in the new furniture are bold shapes, bright colours and modern materials. Whereas fashion has gone off on a 1970s nostalgia trip, today's young furniture designers are more interested in the industrial ideals of the 1920s modernists and the space-age styles created by the French and Italian futurists in the 1950s and 1960s.

Industrial production is another important theme. This is partly a backlash against the artisanal work of the 1980s, when the chairs made by Ron Arad and Tom Dixon looked more like one-off works of art than things to sit on, and partly a reflection of the academic revival of the ideas of the early modernists, Le Corbusier and Jean Prouvé, who saw industrialisation as a positive force in everyday life.

But the 1990s designers are also genuinely enthusiastic about the potential of today's new technologies. They are the

first generation of designers to have been educated at a time when computer studies were compulsory in schools and computer-aided design systems are a standard fixture in their studios.

"I find technology incredibly exciting," says Nick Dine, 28, whose chairs and chaises longues are sold at Fiel on London's Kings Road. "And I think it is part of my responsibility as a designer to apply it to my work."

The hitch is that it is much more expensive to produce furniture on an industrial basis than to make it by hand. The cost of fitting out a factory to make a new design is so high that few manufacturers are able, or willing, to make the necessary investment, particularly in Britain, where the furniture industry is still shell-shocked by recession.

One reason why Ron Arad and Tom Dixon taught themselves welding and sculpture techniques in the 1980s was because they had to.

"When I started out furniture manufacturers were not exactly falling over themselves to help obscure, young designers," says Arad. "If I hadn't made my furniture myself it wouldn't have been made at all."

Arad and Dixon established their reputations with hand-made pieces and are now able to clinch manufacturing deals with the big German and Italian furniture firms. The new designers are adopting a different approach. Rather than abandon all hope of producing their work industrially, they

adapt their designs so that they are suitable for "batch production" in small quantities by tiny workshops.

Jack Woolley, 30, scouts about for metal workers and professional welders to make the components for his furniture. "It's still difficult to find small factories that are willing to work in small batches," he says. "But it's not impossible. You just have to work at it."

The main disadvantage of batch production is the cost. Nick Dine's chaises longues cost £1,400 each and Jack Woolley's Stretch chairs are £400. Both say they could sell their work more cheaply if they manufactured in larger quantities.

But manufacturing in small batches does have the advantage of flexibility. Allison Thomas, 23, can customise her Tutti Frutti stool for different clients. She lengthened the legs to turn it into a bar stool for one, chopped them off to make a pouffe for another and has even added a touch of 1940s glamour by embroidering the covers.

"It's fun being able to adapt my designs," she says. "But batch production is really a compromise. What I want is to manufacture on a proper industrial basis. It's only then that I'll get the clarity of shape I'm aiming for."

The work of Nick Dine, Jack Woolley and Allison Thomas is on show at In The Swim, an exhibition of new British design, now on at DesignLabor, Bremerhaven in Germany, which runs until June 30 and moves to London later this year.

■ In his day job Jack Woolley, 30, is an industrial designer at Isis, a London consultancy that dreams up high-tech products such as the Step walking machine for Reebok. But in his spare time he applies the technical skills he learnt studying engineering at Edinburgh and industrial design at the Royal College of Art to furniture.

The construction of



Woolley's chairs reflect his industrial training but his visual style - with its emphasis on bright colours and strong shapes - is more light-hearted. "Furniture is fun because it gives me more freedom to play around with forms and colours," he says. Woolley also likes to experiment with modern materials. Like the Lycra he uses to cover his Stretch chair, "Lycra is modern and practical," he says. "It's also very clever. The stretch allows you to design things that change shape. I love the idea of that."

Jack Woolley, Isis, Utopia Village, 7 Chalcut Road, London NW1. Tel: 071-722 6155.

Nick Dine, 28, started by studying sculpture in his native New York but switched to furniture when he moved to London to study at the Royal College of Art. He has since worked from a temporary studio in the Mappin & Webb building in the City lent to him by Lord Palumbo, until the building is pulled down. The vivid colours and angular shapes of his chairs and tables are heavily influenced by the work of Carlo Molino and Gio Ponti, the 1950s Italian designers. "The first time I saw their work I couldn't believe it," he says. "I loved the combination of a rational, modernist approach to design with free, fluid forms." In spite of his arts background Dine sees furniture as an industrial product, rather than a form of art. "A chair is a functional object," he says. "It isn't art and it's a cheat to make it as if it was."

Nick Dine, 40 Bucklesbury, London EC4. Tel: 071-236 1404, or 59 Barrow St, New York, NY 10014. Tel: 0101 212 691 2386.

An ace invention for tennis elbow

Lucia van der Post swings her racket and heads into the garden

IT IS open season for tennis elbow again. With the tennis bonanza of Wimbledon upon us and the parks already beginning to fill with fair-weather players, it is time to look to your racket. If tennis elbow is your problem then Dunlop has developed new technology to deal with it. Since powerful modern rackets cause greater vibration than the simpler, older rackets (said to be the major cause of tennis elbow) Dunlop reasoned that if it could break the circuit and stop vibration reaching the arm, then the elbow should be better protected.

A racket incorporating what Dunlop describes as its "Impact Shock Isolation System" (ISIS) Technology was launched last year. Essentially, it involved separating the handle from the racket shaft just below the top of the grip and then rejoining and reinforcing it with carbon rods encased in a shock-absorbing elastomer which prevents vibration travelling down the shaft.

In spite of the price - £199.99 - the tennis world, particularly in America, went wild about it. Tennis nuts kept off the court by physical ailments will go to almost any lengths to get back on again, it seems. There are now four rackets in the ISIS range (each code-named Revelation) ranging in price from £99.99 to £199.99.

■ If you are dissatisfied with your local garden centre, if you cannot find the steamer chair, the bamboo rake, the wrought-iron weather vane of your dreams, Reid & Waters will deliver it to your door. The company's summer catalogue does not claim to be comprehensive - you will not find here the reams of sheds and plastic coverings, the pesticides and seedlings that are the stuff of most gardening cat-

alogues. What you will find is an edited selection of things either useful or decorative.

There is a choice of just three different barbecues, a small selection of some good garden furniture, sturdy made spades and gardening knives, forks and edging tools (particularly nice, being British-made with solid ash shafts). There are oval metal planters, glass lamps for using when eating out of doors (£29.50), verdigris candlesticks (£12.95), Victorian jardinières (£29.50 and £39.50), and some ineffably plain painted trays (£34.50). There are garden torches and Versailles planters, a particularly elegant bottle carrier (Le Baladeur, £24.95) and beeswax candles.

Many of the products would make splendid presents - the gardeners' holdall, for instance, which is a tough canvas bag with eight separate pockets in which tools can be stored, for £29.95. The catalogue, in short, offers almost everything the keen gardener or conservatory owner might hanker for - apart that is from the serious horticultural products. For a free catalogue telephone 081-572 3225. To order telephone 0345-626398. You pay only local call prices and the lines are open seven days a week.

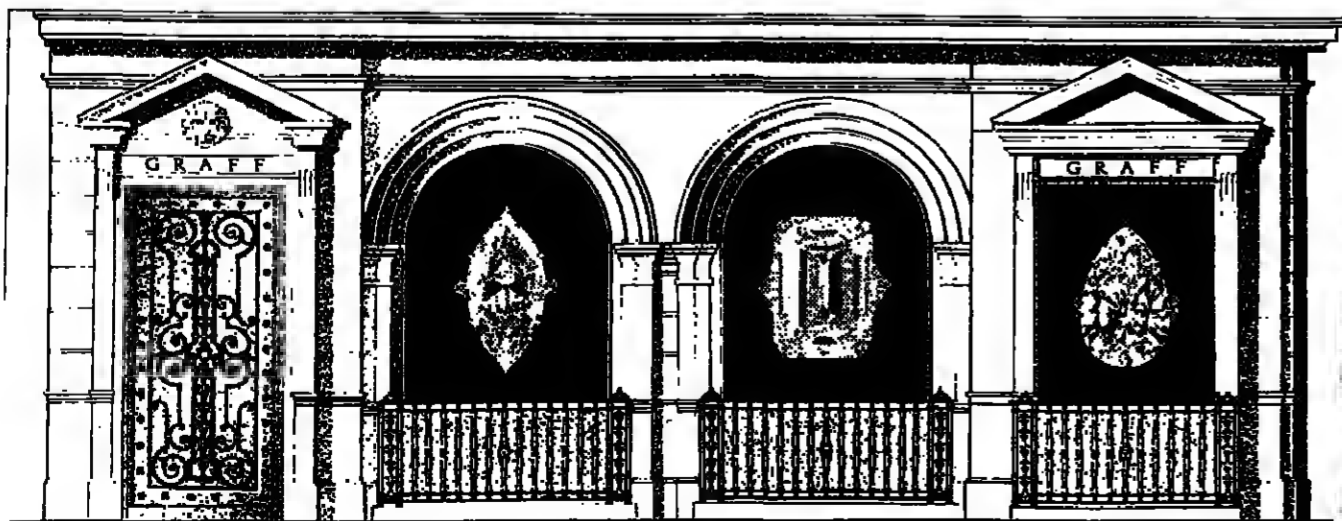
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FASHION

A totally tasteful Ascot? — never

After a day's serious frock-watching artist Margaret Keedy and Lucia van der Post found time for fun and frivolity

THE GREAT thing about Ascot-dress is never, ever to confuse it with fashion. Ascot, like most of the summer events which collectively make up the season, could be declared a fashion-free zone. It is one unto itself. But, to the dedicated frock-observer and serious follower of the season, it offers some interesting pointers to the habits and mores of that mysterious breed — the ladies-who-lunch.

One thing is clear — if an invitation to one of the set-piece events of the season comes your way do not, if you want to feel you belong, bring out your Issey Miyake, your Romeo Gigli, your directional Martin Margiela or Ann Demeulemeester.

Keep them for wearing to a lecture at the Design Museum, to a smart lunch with your girlfriends or to any event where the Vogueistas gather (after all, they would know that those seams on the outside and the fraying edges are absolutely the *dernier cri* and would not for a minute think that you had put your clothes on inside out).

What you need are the sort of soft, pretty clothes that have nothing to do with being at the cutting-edge of fashion but everything to do with flattery. The new long, softer look, based as it is on floaty, sensual fabrics and more delicate lines is perfect for going to the races, to Henley, to summer operas, to weddings and garden parties.

As for trousers, fashion editors this year have got fearfully excited at uncovering a hitherto forgotten rule which deems that at Ascot women may after all wear trousers provided the jacket and trousers are made from matching fabrics.

The other happy thought is that (almost) anything goes. A glance at Margaret Keedy's sketches of some of the outfits on display last Tuesday will reassure all those who have ever felt timid about what to wear. Take comfort from the thought that no matter what you wear there will always be somebody better dressed and others who are worse dressed.

Ascot is not the time or the place for an excess of sobriety. It is a time for fun and frivolity, for laughter and chat. For objective observers of the passing scene much of the fun lies in the variety. A totally tasteful Ascot does not bear thinking about.

After a day's serious frock-watching I came, for what it is worth, to a few gentle conclusions. Gentlemen, I decided, should resist the temptation to brighten up their grey morning coats with daisy waistcoats or daffies. They should resist even more strenuously any suggestion that their waistcoats should match *her* dress. And if you think that goes without saying, then you did not see what I saw at Ascot this week.

Women should resist too many ruffles and frills and especially frilled peplums outside straight skirts. Too many

cut-away straps and too much flesh is not really very pretty away from a beach or pool.

Unless you are one of those enviable beings who does not get out of bed for less than £10,000 then I think it unwise to wear a masculine top-coat over a very short mini-skirt and very high heels — and even if you are one of those enviable beings you would probably look better in something else.

White shoes are the Queen Mother's special terrain and only the very young or the very beautiful can get away with severe little bowlers.

Herbaceous borders really look their best in gardens, a thought that might be particularly addressed by larger ladies. The prevalent tendency to wear a printed silk dress and pick out one colour (usually the most obvious) in which to have a straw hat made, came to seem a little predictable.

There are, of course, several favourite looks on offer. There is Eurochic (snappy little suits with above-the-knee skirts, eye-catching straw hats and lots of gold jewellery) and English Rose (pale, long strings of beads, echoes of 1920s, an addition to florbunda, whether on frock, shawl or hat and just occasionally on all three).

Then there is the Dress-to-be-photographed look — forget charm, prettiness and elegance, here what really counts is nerve. Dotty hats, bare midriffs, lots of décolletage, acres of leg (no matter what their length or shape) are what seems to get the lenses pointing. Officials at Ascot retain this charming old-fashioned notion that the punters do not wish to be disturbed by vulgar photographers and so keep them herded on a balcony. If you stand on the balcony you do not come away with the same impression. Up and down the Dress-to-be-photographed set go — first one way and then the next. Wait 15 minutes and here they come again.

Or you could, if you you could carry it off, aim for what you might call Glamorous-style — short, tight dress (forget lunch), high-heels, eye-catching hat, loads of make-up. Of Reccession Chic I saw not a sign, though there was a bit of tutting in the press room from the pundits who, from time to time recognised... oh, the shame of it... last year's dress.

My own favourite looks veered towards the understated, the quiet monochrome colour-schemes. There was the older woman I saw in a simple but beautifully-cut soft pink coat-dress with pearls and a soft black straw hat (the cream suit, it's cooler in the shade) with the soft flared trousers and the beautiful straw hat; the quiet long cream skirt and jacket (Cream of the Crop); the floaty navy and cream skirt worn with a long, soft cream top. Longer lines definitely looked newer and prettier. All these managed to carry off that difficult double of being both elegant and pretty.

The nicest hats were the big soft straws. The chicest heads had the hair tucked away from

the face. Hard little boaters on top of flowing tresses are not becoming. I belong to the school of thought that concurs with latter David Shilling's dictum about hats: "The sole purpose of a hat is to make you look more beautiful. If it does not, do not wear it."

Some people, of course, come

to watch the horses. You can tell who they are because they carry binoculars and have a purposeful air heading for areas into which the dress-to-be-seen set never venture. Above all, you can tell who they are because they do not loiter endlessly in front of the photographers' stand.



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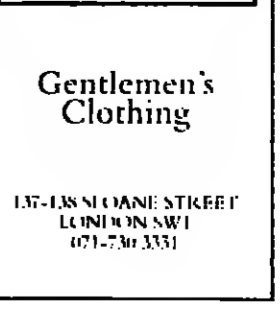
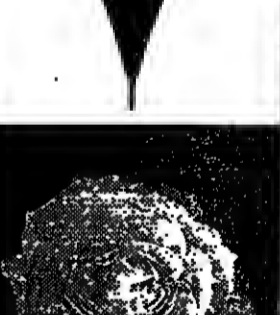
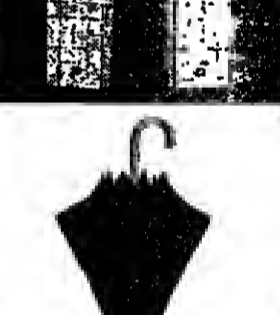
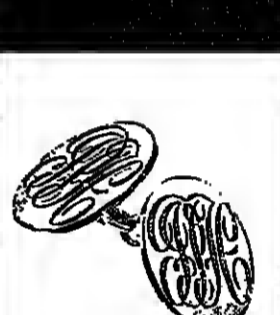
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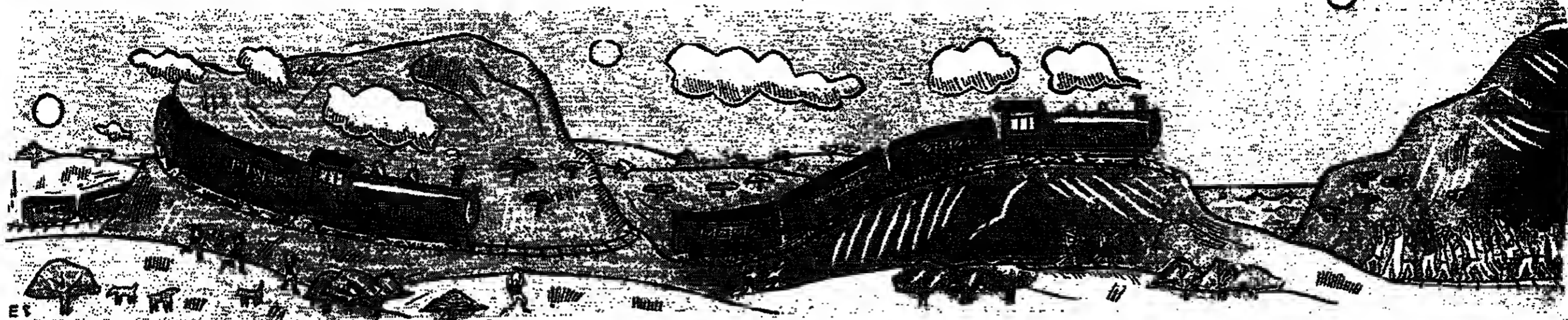


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TRAVEL



Practical Traveller/David Pilling

Great world rail routes

There are evil plans afoot for the world's railways. In Britain, some companies hoping to buy rail franchises after privatisation are already hatching schemes to concrete over the tracks and run buses instead of trains.

The "guided busways", which allow specially-built vehicles to thunder at high speeds without being steered, are intended to combine the flexibility of buses with the speed and safety of rail. Such systems already exist in Essen and Adelaide.

Rail enthusiasts will shudder. For these poor, old-fashioned souls, the concept of a railway is limited to tracks and trains. To indulge them - and other simpletons of like mind - here is a smattering of what the world still has to offer:

■ **Mexico - Copper Canyon Railway:** Chihuahua is a city in the north of Mexico which has, as its claim to fame, a hairless dog. Los Mochis is a dull town on the Pacific. Between the two lies one of the

world's most spectacular journeys. The route, which took six decades to construct, climbs to the peaks of the Sierra Madre before free-wheeling to the Pacific. In between are 73 tunnels, 28 bridges and heart-stopping moments where passengers are dangled over some of the world's deepest canyons. The train leaves Chihuahua at 8.30am daily, arriving in Los Mochis at 8.30pm. Mexican Tourist Board, London. Tel: 071-734-1068.

■ **Japan - The Bullet Train:** Japan's ultra-modern bullet trains explode through the ancient interior. To cut down on price

(trains are not cheap), invest in a Japan Rail Pass - available only outside Japan - for £172 which entitles you to seven days' unlimited travel. Japan Travel Bureau (071-636-9367). Recommended routes include The Twilight Express from Osaka to Sepporo, or between Koriyama and Niigata through the scenic Tohoku region. Japan National Tourist Organisation (071-734-9638).

■ **Former Soviet Union - Bolshoi Express:** Tsar Nicholas I mistrusted technical innovation and only grudgingly agreed to the construction of Russia's first

rail track between St Petersburg and his summer palace, 28 miles away. Since, rail has been vigorously embraced and the Commonwealth of Independent States now has the world's largest network. An extravagant way to explore it is by the Bolshoi Express, a train built for government officials in the 1930s and restored in 1990. Cox & Kings (071-634-7472) uses steam locomotives for parts of the journey. The Tashkent to St Petersburg train puffs its way through Samarkand, Bukhara, Astrakhan, Volgograd and Moscow. The price: £2,495 for 14 days.

■ **North America - Amtrak:** Most Americans travel by car and airplane, which is why railway stations are often as hushed as libraries. Yet rail is one of the best ways of seeing the countryside. Amtrak's Empire Builder, which takes 52 hours to trundle from Chicago to Seattle, passes through the pancake-flat Mid-West before reaching Glacier National Park and the Cascade Mountains. The one-way trip costs £215 (with a £100 supplement for bed and meals). Non-US citizens should consider the 15-day Amtrak pass, priced £135-£200. Amtrak (071-978-5212).

■ **India - rail pass:** Tames have been written about India's railways, and all of it is true. The Indrail pass, which allows a week's unlimited travel for £77, is hard to beat. First stop should be the London office of Dr Swaminath Dandipati, S D Enterprises (081-903-3411), who claims to have memorised the network's entire timetable and is the UK agent for Indrail.

■ **Britain - The Royal Scotsman:** The Royal Scotsman, Abercrombie & Kent (071-730-9600), makes unburied, luxurious progress through the Scottish Highlands and between London and Edinburgh. Its Pullman carriages are remodelled in Edwardian style. The four-day Northern and Eastern Tour, which follows the Strathclyde line, incorporates the Highland Wildlife Park, Kyle of Lochalsh, Isle of Skye and Glamsis castle. It costs a mean £2,120. Or you could charter the entire train - £44,900 for three days.

Watch out for brigands, goats and hunters

In the innocent days of Italian TV it was always good for a laugh. "He met a terrible death in Calabria, brigands tied him to the railway track."

"He was run over?" "No, he died of starvation waiting for the train to arrive."

Descending on Cosenza at a crawl, the passengers grow anxious. "Can't you go any faster? There's a girl here going into labour." The driver says pregnant women should have more sense than to board this train. "When I boarded it," the girl whimpers, "I wasn't pregnant."

It is recorded that the FCL (Ferrovie Calabria-Lucane) company directors' first act on being incorporated was to invest in enough uniforms, epaulettes and swords to last 200 years.

That was 80 years ago, shortly after a solid-tyred Ansaldo motor-wagonette had first woken the Calabria highlands from their long sleep with the splutter of its petrol engine. The FCL soon drove it off the road. The railway, furnished with rack-and-pinion arrangements

for the steep sections, poked and probed at the massifs from both sides of the peninsula. The company performed miracles of civil engineering in this land where mountains rise to 2,000 metres (6,600 ft) within a mile or two of the coast and torrent valleys fall in gradients of one-in-10.

The Calabro-Lucane system never became a network. It remains to this day a group of disconnected routes (excluded from State Railways' timetables) on which short trains of diesel-electric railcars twist and turn through gorges, cross high slim viaducts and burrow under geological monstrosities to achieve high altitudes - land expire. Calabrians don't ask where the train stops; they ask where it "dies."

Wayside stations bear the names of far-distant villages. Travel writer Norman Douglas in *Old Calabria* found a hamlet 33km (20 miles) from its station. We left the train at the halt called Rocca Bernarda. The mountains were piled

around us and so was our luggage. Where was the transport into town? The station signpost indicated his wooden clogs.

How far, then, on foot? He showed us the signpost. It pointed up the sort of track which makes mountain goats' hairs stand on end and it said: "Rocca Bernarda 43km."

In Cosenza, a provincial capital, the houses of the Old Town scramble up the hill like frightened sheep. At their feet the red-and-brown coaches of the train to Catanzaro emerge from the station, cross the dry bed of the Busento (beneath which the grave of Alaric the Goth still awaits discovery), and start stitching their way across the face of the mountain en route for the Sila forests.

Long ago this was the train which "never left Cosenza and never arrived at Catanzaro" - but now it does the journey every day. It is running the FCL's flagship route of more than 100km, in the course of which it will penetrate 90 tunnels and soar over 76 viaducts. Scale the whole thing down to the dimensions

of a model railway and you would admire its creator's imaginative fancy, never dreaming it could be a real-life system. The railcars have speeded up the timetable but the trip still takes about six hours.

Eventually, during their journey, I went to sit beside the driver. His

Calabrians don't ask where the train stops; they ask where it 'dies,' says Leslie Gardiner

sign said "Do not Talk to the Driver," but he talked all the time, mostly about dreadful accidents when brakes failed and packed railcars jumped the rails and fell into ravines. From his vivid accounts you might have supposed these events occurred last Friday. I established that they had happened once, in the year he was born.

A frail old lady carrying a crown of rosemary to the Easter procession at Trilino weighed in with tales of Calabrian brigands, the last of whom surrendered on Aspromonte in 1928. Her dialect was impenetrable and I picked up perhaps one word in five, but I gathered that the brigands were a bunch of Merry Men, well-disposed to the peasantry and given to paying with gold coins for small favours.

She was moving on to horror stories of wolves when we arrived at Bianchi, the principal intermediate station. Bianchi, a prosperous little settlement on the watershed, is named for the local boy who, on Mussolini's behalf, led the March on Rome. Here is the *coincidenta*, where the single track briefly becomes double and northbound and southbound trains cross.

From Bianchi it is all downhill. You career through gorges, your driver steering with his fingertips. You need sharp eyes for the scenery: gorgeous ribbons of fruit blossom, bougainvillea hurrying out over stone sheds and roofs of bro-

ken *marzighia* pantiles. Crossing the Corace you glimpse a baroque church, stranded in the middle of that destructive torrent - an earthquake changed the course of the river but spared the house of God.

You brake hard for lonely outposts where huntsmen come on board, festooned in bandoliers, dragging spaniels which look none too happy about the events of the day, the first of quail shooting.

At Sorbo-Fossato a dainty parish priest in white lace with a silver rod sprinkles holy water on the train from a basin held by his crippled acolyte. Somewhere else boxes of gladioli are loaded. "The earliest in Europe," says the driver. "Calabria first, San Remo second."

At Catanzaro the train empties. I watch driver and conductor engaging the cogs and I jump aboard again for the slow drop through a 300m cliff to the valley floor. You have to hang on to something, otherwise you find yourself hurtling over the seats in front.

After the tunnel there is one more stop to allow the conductor to roll

an orchard. He returns with pockets stuffed full of lemons the size of young grapefruit. "Calabria is the garden of Europe," he tells me. "The finest soil, the cleanest air, the purest water. With such riches around us, why do we remain poor?"

Now it is dark. The terminus, a large hut in a field on the sea's edge, is lampless and lifeless. Tired of waiting for the train, the one-man station staff has gone home. It needs all available hands to uncouple the leading car and spin it on the turntable. We re-couple, making the last coach the first coach, transforming today's point of arrival into tomorrow's point of departure.

■ *Throughout their history the Ferrovie Calabro-Lucane lines have been under threat of closure or amalgamation with the State system.*

Those which survive in Calabria are Cosenza-Catanzaro Lido, 118km; Cosenza-San Giovanni in Fiore, 68km; Sorrento-Charaurole Centrale, 23km; Gioia Tauro-Cinquale, 28km; Gioia Tauro-Sinopoli, 27km.

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TRAVEL



Off the rails on an Andean adventure

Abbie Wightwick travels – eventually – across Ecuador from Alausi to Guayaquil

"CIGARETTES, bread, fruit," screamed the street tout. He was doing good business and hoping his wares would not run out before the train reached its destination. This was quite likely. We had been derailed twice, set off two hours late and been delayed for eight hours en route.

Not bad for a scheduled eight-hour journey, but no one travelling on Ecuador's trans-Andean railroad can complain they did not get their money's worth in entertainment and scenery. The ride from the Andean town of Alausi to the Pacific lowlands of Guayaquil is best taken armed with a sense of humour and an expectation of reaching your destination on time.

Much of the track has been out of service since flooding in 1982. The full journey from the capital, Quito, to the coast features a descent from 3,238 metres to almost sea level in just 80km. But until repairs are completed this summer, travellers start part-way down at the Indian town of Alausi. We arrived at Alausi 30 minutes before the 9 am departure to find a queue stretching out of the wooden sta-

tion. Backpackers jostled with locals swinging sacks of live chickens while a party of well-dressed North Americans on a pre-paid tour kept their distance.

The carriages, a line of converted cattle trucks with unglazed holes for windows, stood waiting. An executive coach with reclining upholstered seats looked more comfortable, but that was reserved for the North Americans. The best alternative seemed the roof. Ecuadorians prefer it for good reasons: you are guaranteed a seat, get beautiful views and in the event of derailling you can always jump.

At 11.30am the train finally shuddered into action. As soon as we left the town we found ourselves travelling high on the wall of a deep valley, flanked by forests. Below, huge rivers, dwarfed by distance, appeared to trickle to the hot lands ahead.

The driver, keen to make up lost time, was enjoying the power of his new diesel engine, which had replaced steam a few weeks earlier. Unfortunately, the concrete sleepers being brought in as part of a

renovation programme had not yet been installed. The existing sleepers – wooden, and rotten – were unable to cope with the weight of the diesel and within 10 minutes there was a massive jolt as the front carriage derailed.

"It's not unusual," said a vendor, leaping down to join passengers shouting advice to the train crew. Fortunately, staff carry a kit of crow bars, wedges of track and chains, and within 10 minutes the train was back on the rails. But it took the best part of an hour before the track was in anything approaching working order.

As we set off, the scenery became more spectacular and within half-an-hour we were approaching the high spot of the journey, the Devil's Nose, a perpendicular wall of rock more than 300m high. The track down the Devil's Nose, heralded as a "miracle of engineering" when it was completed in 1902, allows the train to descend by advancing and reversing along a zig-zag of hair-raising switchbacks.

But as we rattled along the cliff ledge, peering nervously over the edge, we heard

a loud bang behind us. A jolt sent chickens and backpacks flying as the luxury tourist coach glanced off rocks and derailed just before a corner.

No one was hurt, but a long delay was inevitable. White-faced passengers emerged totting cameras to record their near miss. "Well, I told you it would be an adventure, Bob," a lady from Iowa told her husband. A handful of frightened passengers opted to walk back to Alausi, while the on-board chain gang got their equipment out again.

The journey down the cliff face was spectacular, if uneventful compared with the adventures of the morning. When we reached the bottom it was as though we had crossed a divide between the two geographies and personalities of Ecuador. When we left Alausi we were in the bleak world of poncho-wearing, Quechua-speaking Indians which moves to the rhythms of the pan pipes.

At the base of the Devil's Nose we saw the first signs of the other Ecuador. The vegetation was denser and greener, the

weather hotter and more humid. The people are different, too. The coastal plains, dominated by banana plantations and rice paddies, are inhabited by more open and relaxed salsa-loving blacks and mestizos.

At the first big town, a ramshackle collection of tin-roofed houses called Bucay, many of the passengers had had enough. We were not likely to reach Guayaquil until midnight and buses were waiting to ferry out the disenchanted. We opted to stay on the roof, soaking up the atmosphere of the lowland outback until the train pulled into Milagro.

Milagro is a large town of 170,000 people, but lacks properly-paved roads. The puddles in the pot-holes make an ideal breeding ground for malarial mosquitoes which plague the coast, and even the best of the hotels are damp and dreary.

Milagro means miracle, but on that that wet night the only miracle that sprung to mind was that anyone wanted to live there. It was two days until the next train pulled into town, and the journey would have taken four hours, so we abandoned it

in favour of the hour-long bus ride.

With French and Spanish backing, the head of the Ecuadorian rail company promised me that things were going to get better. Modern sleepers would put an end to deraillments and new locomotives will allow them to travel faster. New carriages are on order, too – meaning an end of the cattle trucks.

But the passengers in these cattle trucks are mainly Indians travelling to the coast for whom the main attraction of the train is the fare – at 20p, a fraction of the cost of the bus. For the tourist, there is only one place to be, the roof. Up there, no amount of money is going to improve the feeling of the wind in your hair, the sun in your face and panoramic views all round.

Abbie Wightwick travelled independently to Quito and then took a bus via Riobamba to Alausi. The larger touring companies in Quito, such as Metropolitan Touring on Av Amazonas, organise all-in tours, including bus to Alausi, returning to Quito from towns at the bottom of the Devil's Nose.

THE RECEPTION as we drew into Maputo station in Mozambique would have done any royal family proud. A crowd of 200 broke into applause and champagne corks popped. The British ambassador was present – a caricature in colonial diplomatic attire – with his South African counterpart in stiff attendance, too, not to mention the entire Maputo press corp.

The previous half-an-hour had been even more celebratory. As the train pulled through the suburbs on the outskirts of the city, the track had been lined with thousands of cheering well-wishers, a mix of curious adults and children running alongside the train. For the few passengers on board, conspicuously white

and privileged compared with the onlookers, it felt a little like Louis XVI surveying his subjects.

The occasion was the arrival in Maputo of the first passenger train from South Africa in 15 years. It was no ordinary train, either. The *Pride of Africa* is an ultra-luxurious private steam train whose carriages and engines have been lovingly rehabilitated over the years by a bold entrepreneur, Rohan Vos. Previously, Rovos Rail, named after its owner, had only run as far as Hazey-view in the Eastern Transvaal (it also travels to Cape Town)

where guests disembarked to visit some of the country's premier wildlife lodges. Now Vos has determined to take his train through to Maputo on a regular basis.

We were the first passengers to do the Maputo leg. In fact only eight of us, and the crew, completed the final, historic 88km from the Eastern Transvaal border town of Komati-poort to Maputo, as most passengers stopped off at the game lodges. Only later did Vos admit that, given some residual nervousness about the safety of the route, he had not been too unhappy about the

slim passenger complement.

His apprehension was understandable. Although most Mozambicans are confident that peace has returned to the country following the ceasefire, the agreed last October between the Frelimo government and the rebel Renamo movement, the ravages of the war they fought are only too evident.

Indeed, the three-hour trip from the Nkomati River is a grim testimony to the ravages of war. All the railway sidings *en route* are shot-up and abandoned. Burnt-out carriages lie abandoned next to the track. However, such gloomy

images should not obscure the attractions of Maputo as a travel destination. Although very run down, there remains a romance, an air of colonial sophistication, not found elsewhere in southern Africa.

The languid people, the Portuguese language, local delicacies such as prawns and cashew nuts, the relatively unspoilt coastal strip – all combine to lend Maputo an exotic charm completely absent from Durban, the coastal resort not far to the south, whose beach-front Golden Mile is a monument to commercial vulgarity.

At the heart of Maputo is the Polana Hotel, a jewel of a hotel restored to its pre-colonial splendour and the weekend destination for Rovos visitors who can spend a day looking around Maputo and take a day trip to the island of Inhaca.

With a capacity of 46 passengers and a service staff of about a dozen, travelling by Rovos Rail is luxurious. The rooms, by train standards, are enormous: 14 to 16 square metres, with beautiful *en suite* bathrooms. The food is excellent, with imaginative menus and a good wine list. Guests are requested to

"dress for dinner", which lends a fine sense of occasion to meals in the wooden dining car. Service is friendly and efficient but unobtrusive, while the observation car at the back of the train offers a fine place to meet fellow passengers and appreciate the passing show.

Perhaps the train's distinguishing feature is that it is steam-driven. (For reasons of speed and cost, electric engines are used for some of the night-time stretches). While the chugging steam locomotive adds immeasurably to the romance of train travel, it is a serious matter for lovers of

steam, some of whom follow the train.

One such devotee was Dave, a salaries and wages clerk from Witbank, who lovingly tracked the train's progress across the Eastern Transvaal in his old brown Peugeot 504. He gave up the chase at nightfall, but when dawn broke the next day, there was the Peugeot again, watching us from the far side of the Crocodile River as the train crept eastwards out of Nelspruit. Dave's persistence was rewarded when he was taken on board for the Maputo leg of the trip, where he was able to brief the press with due gravity about the full glories of the *Pride of Africa*.

Philip Gawth

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FOOD AND DRINK

A culinary philosophy spiced with success

Nicholas Lander meets a French chef who believes fervently in keeping his cooking close to his local roots

"I DO not serve caviar in my restaurant because I do not know any sturgeon fishermen." It was almost midnight and Olivier Roellinger was confidently expounding his culinary philosophy. We were sitting in a small manoir that had been the Roellinger family house in Cancale, Brittany, but has for 12 years served as his restaurant.

The originality of Roellinger's approach is matched by his modesty. When I had asked to meet him I had expected Roellinger to join my table wearing a personalised chef's jacket - after all, he is a two-star Michelin chef. Instead, we were led away from the other diners and upstairs to a small salon where he joined us wearing simple white, cut Breton style, and a pair of working men's boots.

He apologised if he appeared tired. He had been up before dawn to drive to Rennes, 36 miles away, for its Saturday market. "Walking around this market is an essential and very enjoyable part of my job. Here I meet my suppliers, the fishermen from the west of Brittany, the poultry and vegetable suppliers from the east, who are such vital ingredients in what I cook."

The cooking in French restaurants had, Roellinger believed, lost touch with its local roots and the seasons. But he was confident this was changing. Other French chefs were taking up this challenge and he cited Michel Bras at Lagoule near Conques as a fellow traveller.

His menus read, therefore, like the results of an extensive shopping trip. Wonderful shellfish, not just the mussels and oysters which Cancale houthouffily provides but locally-caught crab, lobster and clams. These are used in conjunction with herbs and vegetables grown on the salt marshes along the coast which merged into one first course of tiny steamed scallops, served on a shell with minuscule home-grown new potatoes, morel mushrooms and cream.

Local fishermen, whom Roellinger has



Olivier Roellinger and his suppliers: "My cooking is neither French nor Breton but St Malo"

come to know well, bring the main courses: Dover sole, John Dory, skate, turbot and sea bass. Most conveniently, the marshes that stretch from Cancale to Mont St Michel provide the area's best-known speciality, the pre-salé lamb, which has developed a distinctive flavour from

its seaside grazing. Yet this was just the obvious aspect of Roellinger's cooking because, as we talked, it transpired that he had never had any intention of becoming a chef. He had graduated as a chemist (his wife, who runs the front of house with a young, enthusiastic

team, is a qualified pharmacist) when, in 1980, he had started to cook. Eighteen months later in April 1982 they converted the living room into a restaurant.

Roellinger's imagination was fired by the history of St Malo, the nearby port. He says: "My cooking is neither French nor

Breton but that of St Malo." Two hundred years ago St Malo was the wealthiest port in France, buoyed by the success of the Compagnie des Indes (the equivalent of the British East India Company) in sending ships out to the Indian Ocean, Indonesia and Persia and bringing them back

laden with the spices - pepper, ginger, cinnamon and cloves - that were all the rage at the court of Louis XIV.

Unusually for a Frenchman, Roellinger uses these spices as an integral part of his cuisine, partly in homage to his region's past and partly to forge new tastes and flavours. He buys them directly, closing the restaurant from mid-December to March to be able to travel to expand his knowledge (and also his range of runs of which there are 14 by the glass including a 1929 from Martinique at FF1350, 542, a measure).

His own taste and the fact that he makes up each batch of spices weekly prevents this flavouring from being too heavy or too hot. As a first course, local lobster is transformed by a sauce using small amounts of ginger, galangal, allspice berries, maca, nutmeg, tamarind paste and coriander, while to the local lamb Roellinger adds a teaspoon of green cardamom, cumin, coriander, sesame and nigella. As one of the desserts, possibly the weakest arm of his repertoire, Roellinger produced a *pain d'épices* with his version of an apple crumble. But the overall effect is stunning, food that is appetising and full of flavour, and a menu that makes choice difficult.

Close to the restaurant the Roellingers have a small house, Les Rinsins, with six rooms overlooking the sea. Last September they converted an extraordinary seaside mansion, built in 1925 and overlooking the bay of Mont St Michel, into an hotel, La Maison Richeux, where the bedrooms are given the names of spices rather than numbers and there is a simpler, less expensive dining room, Le Coquillage.

There is also a free taxi service provided to and from the restaurant - in a 33-year-old London taxi with right hand drive and a wooden fascia.

■ *Maison de Bricolage*, 35260 Cancale, France. Tel 99 89 64 76, fax 99 89 88 47. Dinner from FF150, rooms FF11,100.

NOT BEFORE time, Britain's biggest wine merchant is beginning to show signs of the sheer enthusiasm for wine that has for several years distinguished the best of its rivals. More than a decade ago Sainsbury led the supermarket advance into wine merchant territory with a combination of muscle and confidence that gave it the lion's share of the highly competitive British wine market.

In recent years, however, Sainsbury's wine department may have kept shareholders happy by keeping at least a percentage point ahead of Tesco, its main rival for wine market share. But the famously broad selection seemed more driven by gaps to be filled and price points to be reached than inspired by the increasingly dazzling range of plums on offer in the world's vineyards and cellars. Producers and agents complained that a decision which took a month at Sainsbury's, and a minute at Oddbins, could take up to a year at Sainsbury's.

The company's rivals among multiple retailers may be concerned at its increasing insistence on exclusive rights to certain lines. Its rivals among the independent merchants are probably less concerned about Sainsbury's efforts to overcome the supermarket wine retailer's most serious shortcoming: lack of expert advice. Sales assistants trained by handbooks, a two-hour audio tape and a workbook are unlikely to be much of a match for the bevy of wine enthusiasts employed by most decent wine merchants. Nor does

Sainsbury fizzes with enthusiasm

Britain's biggest wine merchant now has a range to fit its buying power, says Jancis Robinson

Sainsbury, or any other supermarket, give the independents a run for their money in the £5-plus per bottle range.

But the wines that follow all represent bargains from the Sainsbury buying team, at last reflecting ingenuity as well as heavyweight bargaining (they seem to have done their own bulk buying from Peter Bright and Harveys of Australia). It is worth noting, however, that, with the exception of the Copertino and Green Point, there is no point in keeping these wines; in fact most are best drunk now, enhanced by the bloom of youth. Some are just reaching the shelf. Spot the wine with no antipodean connection.

WHITES
Chapel Hill Chardonnay 1992 £2.99. Terrible label, but great value. Made by a New Zealander in Hungary. Of course. Much more convincing than Chapel Hill Sauvignon. The Country Collection Bas-

ilicata White £3.29. Unusually fruity dry southern Italian, made by the ubiquitous Jacques Lurton of Bordeaux. (Just £2.99 at Victoria Wine until the end of June.)

Gyongyos Country White £3.35. Now for Hugh Ryan (of Bordeaux, Languedoc, Moldova et al) playing with Semillon grapes in Hungary. Very lively (and the racy Gyongyos Chardonnay is probably worth the 36p supplement over the Chapel Hill version).

Chardonnay Delle Tre Venezie £3.59. New, highly successful, part barrel-fermented north-eastern Italian.

Sainsbury's Sauvignon Vin De Pays D'Als £3.59. Better than most Languedoc answers to Sancerre.

Santa Sara 1992 £3.95. Oaky, slightly sweet Portuguese white from Australian Peter Bright.

Chais Beaumiere Sauvignon 1992 £3.99. Much better than most Languedoc answers to

Sancerre, and possibly the best wine yet from the French outpost of Harveys of Australia (although their quarter bottles of Merlot 1991 continue to shock British Airways customers with their quality).

Denbies Estate 1991 £3.99. Well-made lively dry white. Full, round and fruity. Unapologetically English.

Vignier 1992 £4.49. Scented, pale version of Condrien from the Arèche co-op.

Moondab Brook Chenin Blanc 1992. £4.99 Sainsbury's most interesting Australian wine (as opposed to wine-maker). Oak and lime, but nothing like after-shave.

REDS
Do Campo Tinto £2.99. Good lively Portuguese red from Peter Bright, whose Argentinian red Malbec/Cabernet and, especially, white Torrontes at £2.99 should be the bargains of August when they arrive.

La Mancha 1992 Castillo de Alhambra £2.99. More concentrated Spanish red than previous vintages.

Copertino Riserva 1989 £3.95. Heady southern Italian, a prime candidate for cellaring.

Cavas de Weinert 1986 £5.99. Full, sweet, viscous and a real mouthful. Special.

OTHERS
Jeanmaire 1988 Champagne £9.55. Special offer. Silly price. Respectable quality.

Green Point 1989 £9.95. Australian fizz from Moot & Chandon; every bit as good as the above.

Nagyred Cabernet Sauvignon Rose 1992 £2.99. Pretty, very pale, dry and scented.

Bouvier Trockenbeerenauslese 1989 £5.95 (half). Rich, curanty Austrian dessert wine.

Cookery/Philippa Davenport

The cucumber's cousin



courgettes, butter and herbs being substituted for finger-shaped buns, cream and jam.

Allow two or three courgettes per person. Wipe them clean and leave them whole. Lay them in a roasting tin, add a little oil and season with salt. Pour water for 45 minutes or until done to your liking. Then cut the courgettes lengthways in half but not quite through. Pat them with a clean cloth inside and out to blot up any moisture. Lay them in a warm dish, sprinkle with sea salt and insert into the splits slivers of butter and a scattering of torn basil leaves.

Although good enough to eat as a dish in its own right with warm bread to mop up the fragrant juices, courgettes cooked this way go especially well with poached and grilled poultry and fish.

PANCAKED ZUCCHINI
Pancakes baked in the oven

are infinitely easier on the cook than those that are tossed, and I recommend these with wine as a pre-theatre *bonne bouche* or with a salad, cheese and fruit as a late-night supper. Enough for two to four, depending on greed.

Make a smooth batter, by hand or in a food processor, using 2 oz flour, ¼ to ½ oz freshly grated Parmesan cheese, 2 lightly beaten eggs and 4 fl oz semi-skimmed milk. Season with coarsely ground black pepper and a sliver of garlic crushed with salt.

Put 2 x 7 inch flau tins in the oven and heat to 450°F (230°C) gas mark 8. When the oven and the tins are very hot, drizzle the tins with a little olive oil and return them to the oven for a minute or so.

Quickly slice ½ lb small courgettes and stir them into the batter. Divide the mixture between the sizzling hot tins, tilting the tins to cover the bases evenly. Drizzle a little more oil over the top of each pancake and bake for 10 minutes. Reduce oven heat to 425°F (220°C) gas mark 7, and bake for 10 minutes more, by which time the pancakes will have risen in frazzled waves round the edges of the tins and be blotched with gold. Loosen carefully and cut into wedges for serving hot or warm.

Note: put the tins to soak in the sink as soon as possible after cooking. Stuck-on batter

is a beast to wash up.

CHICKEN WITH COURGETTE, TOMATO AND TARRAGON
Chicken, courgette, tomato and tarragon are a lovely light summery combination and this makes a pretty dish piled into a ring of basmati rice.

To serve 3-4 people you will need 1 lb each of courgettes and tomatoes and ¼ lb skinned and boned chicken breast meat. Cut the courgettes into thick matchsticks. Peel, core and seed the tomatoes and cut the flesh into strips. (Save the tomato pulp and seed to whizz and sieve for salad dressings.) Cut the chicken meat into quills. Pour a tablespoon or so of olive oil over the chicken, add a good grinding of black pepper and rub well to season and to anoint every piece.

To cook, first fry the courgettes briefly in a snidgeon of olive oil in a large sauté pan or wok. Remove and keep warm. Then stir-fry the chicken and let it rest with the courgettes. Finally add a little more oil to the pan and fry the tomatoes quickly till hot.

Turn off the heat but leave the pan where it is. Scatter the tomatoes with a few blades of chopped fresh tarragon. Return the chicken and courgettes to the pan. Toss to mix, adding extra tarragon and sea salt to taste. Pile the aromatic mixture into a ring of rice and serve straight away.

Continued from Page 1
What to do?

"Ang Pasang, pass the radio please." John and Sandy were sleeping in the cook tent that night, by the radio, so I could call them at any time. I was touched. The boys at base camp were doing the same.

I explained: "John, Ang Pasang says we may not find our way. And there's lightning. You have a view on that?" "I don't know, Becs."

This was desperate. "The weather's going to get worse, not necessarily in the next two hours, but it's going to build up. Whether it will hold off long enough I would not like to say," said John.

The discussion went round in circles: Camp 4 to Camp 2, Camp 2 to base camp, back to Camp 4. "Talk it over very gently with Ang Pasang and let him make the final decision," said John. "It's his life too."

We waited an hour. The wind did not pick up and the stars still crowded the sky. And then I saw three lights making their way up the hill from the Col. I do not know how the decision was finally made, but one thing was for

sure: if those three people thought there might even be the slightest chance of making the summit, I could not go back to bed.

At 12.30am we were ready to go. "Get on those fixed ropes," said John. "Get on to the South Summit, reassess the situation there. And good luck. I think you're going to be OK. Over."

I heard him switch to base camp: "The beauty of fixed ropes," he said, "is that you can't get lost. If the worse comes to the worse they can just turn around and rattle down the ropes, back to the tent."

I wonder if he would have been happy to let us go if he had known what we were to discover? There were no fixed ropes. They must have been buried in the snow.

There were just three of us now. Cheri Zhabun had a cough and was forced to turn back after climbing only a couple of hundred yards from the Col. It was dark, very dark. And to add to the fun I had let my head torch batteries run flat, as had Ang Pasang. Kami Cheri led, turning his head every few paces so we could follow.

It was much steeper than I had imagined; icy in patches. In other places rock lay camouflaged under the thinnest powder of snow. I wondered at times how the hell we were going to get down again.

But for the moment we were heading up, and I thought, rather well. The Sherpas, apparently, felt otherwise. It was about 4am, still dark. They sat in the snow and refused to budge.

"What's the matter, guys?" They were chatting away madly on the radio, in Nepali.

"Nawang says you've got two cold, scared Sherpas," said John. Nawang was the cook at Camp 2. Well, perhaps: thin cloud now engulfed us and there were no longer stars visible in the sky.

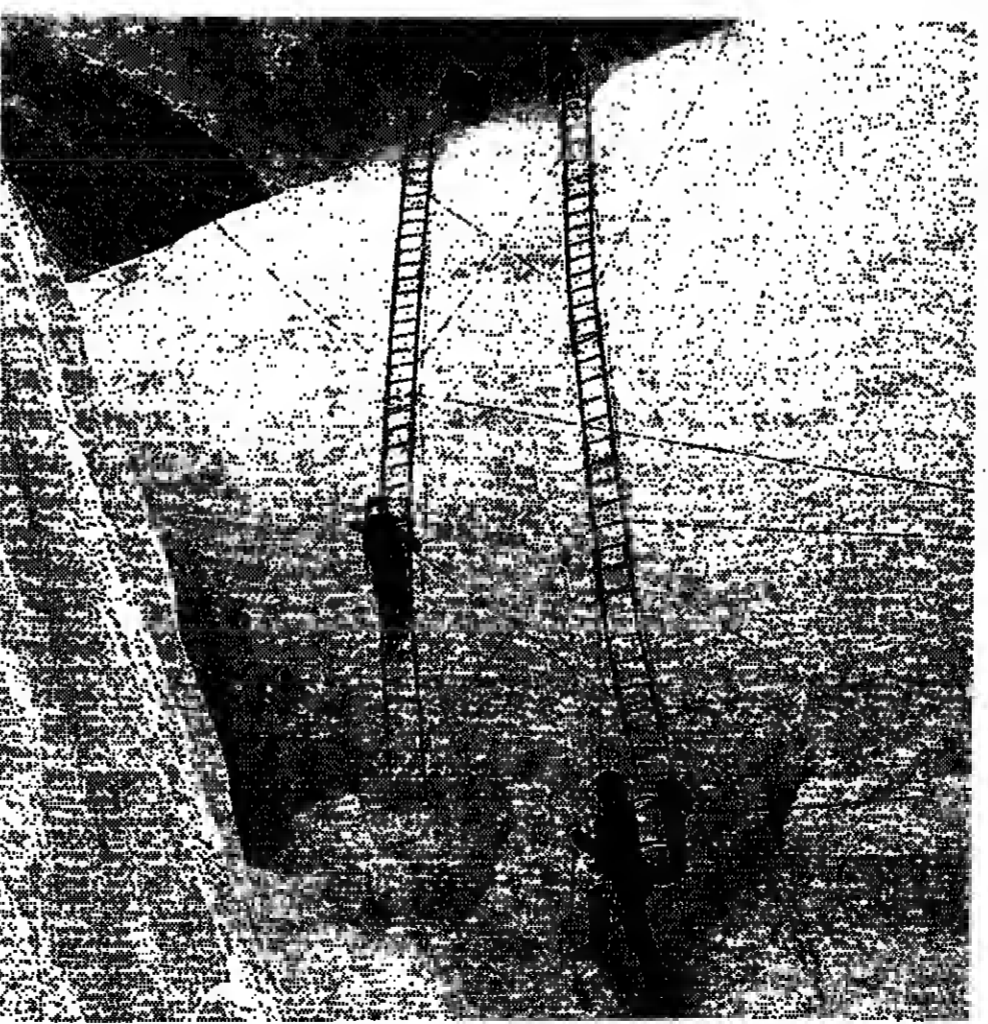
"Maybe if you can persuade them to keep going until dawn, that might do the trick," said John.

Maybe. "Look, Ang Pasang, let's just keep climbing until we catch up with the three ahead. We can discuss it with them."

I tried everything: "Take my jacket" (I had a spare one). "If you get to the top? Of course you can come to London."

There was a reluctance, but they - we - moved on. We never did discuss the matter with the three climbers ahead. We caught up with them, said our hellos and climbed on past (they had no oxygen, so climbed slowly).

It was hard work, harder for the Sherpas than for me. I was on three litres of oxygen per minute; they on one. That is a big difference. We would take seven paces, maybe eight (ten



The climbers work their way up Khumbu icefall into Western Cwm

was always beyond our reach) and rest for a minute, another six, and rest again. And when the snow deepened, we took it in turns kicking steps.

Up and up. The dawn broke and light snow blew in our faces from the east. The whole of Tibet was one ominous snow cloud, and yet somewhere - somewhere along the South East Ridge leading to the South Summit - the Sherpas' attitude changed. They wanted that summit too.

I do not know why. I had read hundreds of books and talked to countless people, and yet when I stood on the South Summit, the view along the final ridge to the summit true, staggered me. Everything we had climbed thus far was snow, or ice. This was rock, mostly; angular lumps falling away sharply left and right.

"You can go first Kami Cheri," I said.

"No, you go go."

"No, you go."

Kami Cheri led. It was not difficult by Alpine standards; perhaps a little. But it was exposed. Best not look down. This was Hillary Step territory. There were fixed ropes, in parts; but where there were not, one slip and it would all be over.

I was happy when I left the rock behind for the broader snowy ridge, that led to the summit. I knew it was the summit: it had lots of flags on

top. It was not very dramatic. But the joy on the Sherpas' faces made my heart near burst. They grabbed the radio: "Summit, summit, summit. We make summit."

I suppose it is fear that hides one to bask in such moments too long. The cloud cleared for a moment to reveal a view across the Tibetan plateau that stretched for miles to China and Mongolia, no doubt. But I only glanced for a second. It was cold, and the wind had picked up a little.

Going down was exhausting. I knew it would be. And dangerous. The five people who had died this season, died here, descending from the summit to the Col. I concentrated so hard and the Sherpas were wonderful: "Slowly, slowly." Kami Cheri led, while Ang Pasang paced himself just behind me.

It took about five hours down, and for an hour of that time the snow cloud that had filled Tibet invaded our path and masked our vision almost completely. But I felt calm, and when it cleared, there, far below, was a small, red figure on the Col, excitedly waving his arms. It was Cheri Zhabun.

A half hour later and he was unstrapping my crampons and rubbing my hands warm because, casually, I had remarked that I was chilly. He boiled some noodle soup, but I was not hungry. Gently, he insisted I should crawl into my sleeping bag and rest; but I could not sleep.

It did not matter; nothing mattered that night. I was content. It was a feeling I had never before experienced.

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Siberian odyssey with no end in sight

Gillian Tett on the plight of a group of American families who went to Russia to adopt children

EARLIER this year Tom and Cathy, a well-meaning couple from Sacramento, California, decided to adopt a Russian baby. They armed themselves with official papers, a video camera and plenty of American food, and set off. Another 13 families joined them each in a separate quest for a new child.

In the event, their supplies of patience - and peanut butter - proved barely enough. What Tom and Cathy - they do not want to be too closely identified - had planned as a brief mercy mission turned into an odyssey that led them into battle with bureaucrats and local political leaders - before finally dumping them, in uncertain exile, in Novokuznetsk, a Siberian mining town.

"What we were wanting to do was give some hope to a child. We never thought it turn out like this," said Tom, when I ran into them in the seedy corridors of the town's only official hotel. With their sneakers, T-shirts and money belts, they looked deceptively like an

American tourist group - except that there was little reason why any tourist would ever choose to visit, let alone stay, in a town as unlikely as grimy, smog-filled Novokuznetsk.

Tom and Cathy's endeavour was far from unique. In the last two years, as the former Soviet republics have been flinging open their doors to the west, Russia - along with many other East European countries - has become increasingly attractive to Western couples desperate to adopt children. The trend seems to be growing. According to the American Embassy in Moscow, around 100 children are now being officially adopted by Americans each month, with a much larger, but unknown, number being adopted by other nationalities - and through illegal channels.

Under Russian law, children can only be adopted by foreigners if they have handicaps or incurable diseases - although in practice, the regulations have often proved

distinctly elastic, especially in the face of the large fees that many Russian adoption agencies are now demanding.

"Many of the children who have been given Soviet certificates saying they're handicapped are not really bad at all," says Katharine Allen, a doctor at the American medical centre, who examines most of the children adopted by American parents.

But for Tom and Cathy, members of the Sacramento Warehouse Ministries Church, bending the rules did not sit easily with their humanitarian ideals. Indeed, as their group earnestly explained, one reason for choosing to adopt in remote Novokuznetsk had been because it was outside the grasp of the semi-legal adoption agencies that are now dominating the "business" in the big cities and demanding five figure fees.

"We came out here to do things properly," said the pastor who

spoke for the group. "We are doing everything we can according to their laws."

But in a country where every region is acting as a law unto itself, finding who administered the "laws" had been extremely difficult. At their first stop in Moscow, they had theoretically received full rights of adoption - and as far as the grateful orphanage and local health ministry had been concerned, that had been enough. Within days of arriving in Novokuznetsk, the group had been allocated 20 handicapped children, and had set about "bonding" with their new offspring.

"We went and bought them toys and tried to talk to them," explained Jean, a nurse, as she sat clutching a polaroid photograph of a thin, pale child that she insisted was now "hers."

But then the local education ministry stepped in: according to its understanding of the "law" the

papers were insufficient and the health ministry did not have the right to approve adoptions.

"Many people here do not like to think that Americans can come in and buy up our children. We feel that it lessens our national pride," admitted one local bureaucrat, who, like most of the officials involved in the saga, was reluctant to give her name.

Letters were exchanged, visits made and intense back door political lobbying started. Then, as the weeks dragged on and the negotiations collapsed the local administration harnessed the Americans from the orphanage.

"We sit here and we know the children are so close, but we can't do anything," continued Jean, shakily, as she sat on a broken armchair in the hotel, almost a month after she had first arrived in Novokuznetsk.

So what had they been doing with themselves?

There was a pause. Their faces began to reflect a little of the strain, exhaustion and culture shock of previous weeks. For about half the families, this trip had been their first real chance to find a child. Few of the group had ever travelled before outside America and none spoke Russian.

"We sit here, go for walks, wait," muttered Tom, a sales representative by profession. "Oh and go shopping," said another.

Shopping? I wondered. "There's nothing to buy. We found some baby clothes when we arrived - but they were winter baby clothes so now they're no good," added Jean sadly.

"Oh - and Tom's making a video of the trip. He wants to have something to show his little girl when she grows up," added another. "Well, that's what we hope."

There was not much more to say. They murmured vaguely about

"growing experiences". I gave them my old newspapers - and then gratefully flew out of Novokuznetsk on the next flight.

A month later I phoned their headquarters in Sacramento to find out what had happened. The reply was painful. The group had returned to America after two months. Only three of the children had been allowed to go with them, with promises made that more could be collected later this year.

"We are not bitter," Sue Westrom, programme director from the Sacramento Christian Adoption Programme, insisted evenly. "We understand the problems because some people have abused the system in the past."

But what were the families like Tom and Cathy, who had waited for so long, going to do?

Continue to wait, and hope, she said - and then go back to Novokuznetsk in the autumn, armed with yet more paper work, video tape, and perhaps a fresh supply of peanut butter.

Stonehenge: new plans for the rocks of ages

Gerald Cagadan on how best to preserve Britain's greatest monument

THE USUAL constraints on visitors will be in force at Stonehenge this summer solstice. That means no Druids, no "travellers", and no special access at dawn on Monday when the midsummer sun rises over the Heel Stone along the axis of the Avenue, the processional way outside the great circle of standing stones in Wiltshire, as it has been doing now for more than 4000 summer solstices.

The long, mysterious history of Stonehenge, which began probably over 5000 years ago, has one advantage for 1993 AD. It puts into perspective the slow progress of English Heritage (EH) towards solving the problems of how to preserve, conserve and present the monument. Because it is so old and because it is unique, it demands that we find the best possible solutions.

Nine years ago, when EH was formed, under Lord Montagu as chairman, it announced that Stonehenge was a top priority. It also badly underestimated how long it would take

to tackle it. Five more years is a fair guess. What is the position now, and what are the prospects?

Nobody would dispute that its present surroundings, on a triangle of land between two busy roads (the A303 and A344), and its squalid visitor facilities, inadequate parking and gloomy post-war concrete

monuments - especially the important burial barrows - put there precisely because they were next to the holy place of power. At the same time visitors would have time to get over the travails of the drive and to adjust to the breadth of history as they walk like pilgrims to Stonehenge.

To run greater Stonehenge -

the whole spread of the site - which mostly belongs to the National Trust but is partly government property, a Stonehenge Trust is now proposed.

Where is the best place for the visitor centre? EH long favoured the Larkhill site to the north, a 1km walk to the stones, and displayed the winning plans of Edward Cullinan (designer of the visitor centre at Fountains Abbey) at an exhibition at the Royal Insti-

tute of British Architects in London in January. Now, however, things are not so clear. There are problems with the approach road to Larkhill: if it is from the north, the Ministry of Defence, which oversees many military manoeuvres in the area, is not happy; and if it is from the west, it may affect the underlying archaeology. So public consultation is under way again to find the best site and a present exhibition at Stonehenge shows eight possible areas, rating them by the following (perhaps surprising) criteria:

■ How much will the sites damage the archaeology
■ How far are they from the public highway
■ How long would the walk be to the stones
■ What is the cost (estimated at between £13.5m and £16.5m)
■ How impressive is the approach - a class which Larkhill and the New King Barrows (east of Stonehenge, enjoying the same marvellous view as you have driving on the A303 from Amesbury) wins easily.

Visitors can fill in a questionnaire and send it to EH, which will also have the guidance of a professional seminar at the Society of Antiquaries in Burlington House, London, on July 6. After that, EH and the National Trust will choose a

site, re-instruct Cullinan and the landscape architects Livingstone Eyre, submit a planning application, be ready for the inevitable public inquiry and await eventually the decision of whoever is then secretary of state for the environment. Five years for all this is probably not enough.

In the meantime, who will pay for the work? EH, under Jocelyn Stevens, its new chairman, says that it will be looking for outside funding, perhaps similar to the Salisbury supermarket family's gift of the new wing of the National Gallery in London. Or we may by then have a government that sees Stonehenge as a crown jewel of our national

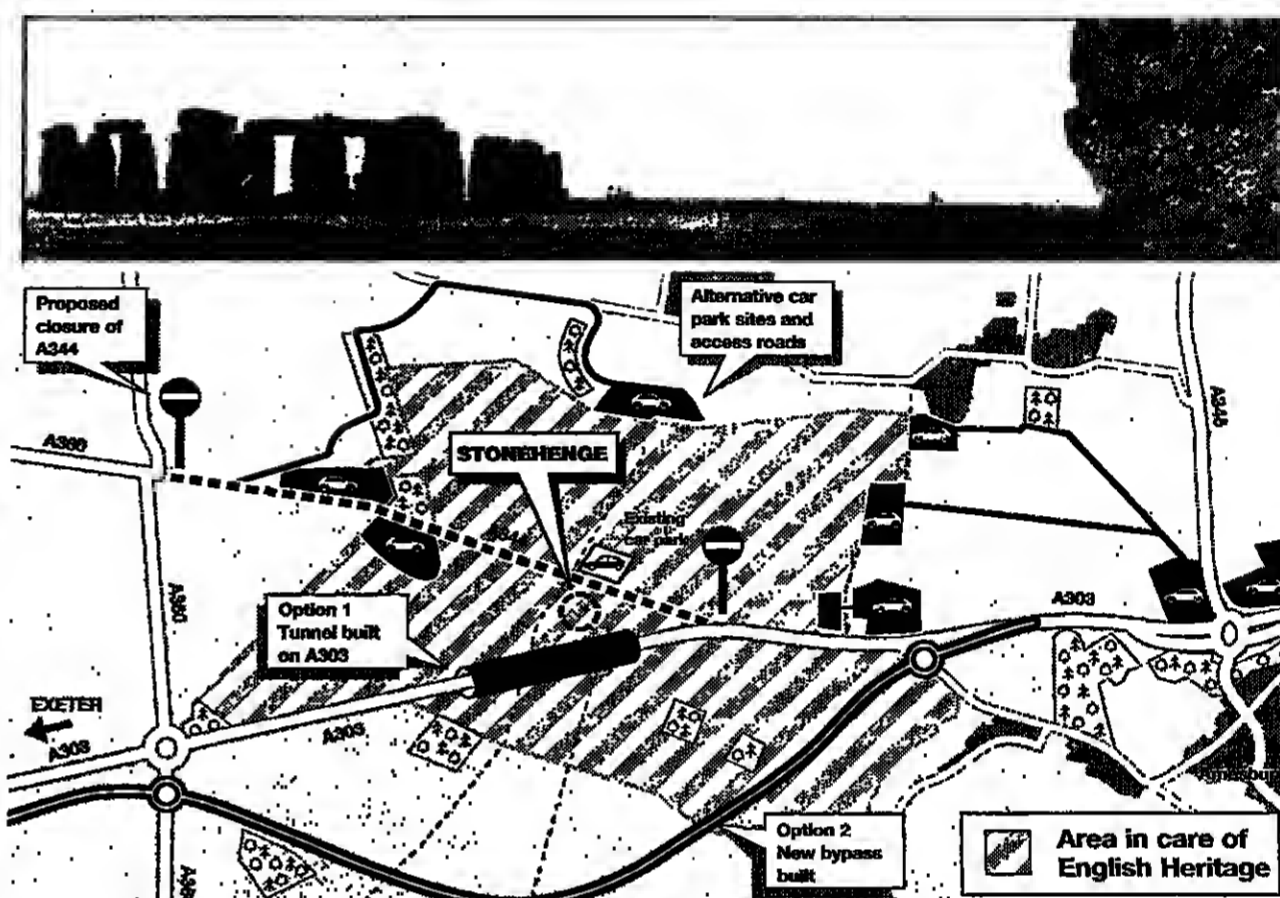
heritage, quite apart from the money its visitors inject into the economy, and therefore will fund it wholly from public money, or from the National Lottery.

The A303 road is the other big problem for Stonehenge: it runs too close. The Department of Transport has proposals and is willing to fund them. Either keep the present route and put it in a tunnel next to the stones (known as the "yellow" solution) or re-route it over 1km to the south (the "grey" solution), which saves the stones and should do less damage to the archaeology around. The latter is preferable, as the President of the Society of Antiquaries, Professor Barry

Cunliffe of Oxford University, has informed the DOT. At present, he says: "As the cars whizz by, I think of Oscar Wilde's Ballad of Reading Gaol - 'Yet each man kills the thing he loves'. The whole Stonehenge problem is a perfect microcosm of all the problems we face at such sites around the world. If we can solve them here, we should be able to do it anywhere."

What problems? Preserving the place; maintaining it; presenting it; controlling visitor access so that it is not spoilt; controlling the transportation that brings people. Can Britain do it? I hope so. These holy, mysterious stones deserve the best we can give them.

'The Stonehenge problem is a perfect microcosm of all the problems we face at such sites around the world'



A waterfront for snobs

Patti Waldmeir enjoys herself at Cape Town's spruced-up harbour

HERE ARE at least three reasons to stay away from most of the world's famous redeveloped waterfronts: too many clichés; too many architectural clichés; much junk food. Cape Town's bijou harbour district has been built for snobs like me - and an easy racial mix seen nowhere else in South Africa - the architecture tastefully understated, with the mix of Victorian frills and newwork, although fast food is a bit of a blemish, the harbour's fish restaurants maintain the upmarket tone. The name is implausible: the Victoria Alfred waterfront. Surely, some sort of post-colonial joke by the developer? But the Cape Town harbour owes its existence to this unlikely pair: seen Victoria's second son, Prince

start construction of the harbour breakwater in 1860. Ships rounding the Cape of Good Hope found shelter first in the Alfred basin, and later in a second basin named after the Queen.

By 1890, the warehouses and transport sheds built to service Cape shipping in the late Victorian and Edwardian periods had sunk into dereliction. Trendy Capetonians made an occasional pilgrimage to the waterfront's one seedy fish restaurant - the Harbour Cafe - but generally avoided the dangerous and decaying port.

Since then Transnet, the state-owned transport corporation, and private developers have invested around R400m (£81.7m) to redevelop the waterfront area for tourism, shopping and upmarket habitation. More than 1m people visit the V&A waterfront every month, and several thousand more work there, in restored Victorian build-

ings overlooking the port. The first residents are due to move into harbour flats and townhouses by 1995.

Cape Town's natural advantages made it an obvious choice to join the world trend to waterfront redevelopment where Boston harbour has a free-way as scenic backdrop, Cape Town has the granite wonder of Table Mountain. The active fishing port contributes scent, sound, and atmosphere. Harbour cruise boats stop at Robben Island, where tourists can visit Nelson Mandela's former cell.

Cape Town retains many Cape Dutch and Imperial Victorian buildings. Port architecture is mainly late Victorian or Edwardian, while new structures echo the lines of the antique buildings.

Even the Victoria Wharf shopping centre - designed as a light and airy version of a Victorian railway station, complete with floor tiles made from

original period moulds - scores high on the scale of snob appeal.

In this land of the glib shopping mall Victoria Wharf provides a nice mix of trendy women's fashion boutiques and African crafts, ethnic food stalls and proletarian movie houses. Africans and whites mingle without the suspicion and fear which poison inner-city shopping in Johannesburg.

The African National Congress initially condemned the project as a playground for rich whites; but as the movement learns to throw off the half-shirt of liberation politics, it has begun to realise that even South Africa needs its playgrounds - and what more delightful one than the V&A waterfront, a place of historic charm and modern opulence where South Africans can go to escape, for at least a few hours, the birth pangs of their new multi-racial nation.

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PROPERTY

Big house, low price: the charm of Ireland

Gerald Cadogan finds a wealth of choice in a relaxed environment

GO TO Ireland for a holiday, and you may stay for life. Many Georgian houses still lurk behind estate walls, at prices that are attractive to UK buyers.

Although the acres may be fewer than they were 100 years ago, because land has been sold off to pay bills - or the Land Commission has redistributed it - you should have no difficulty finding a fine property.

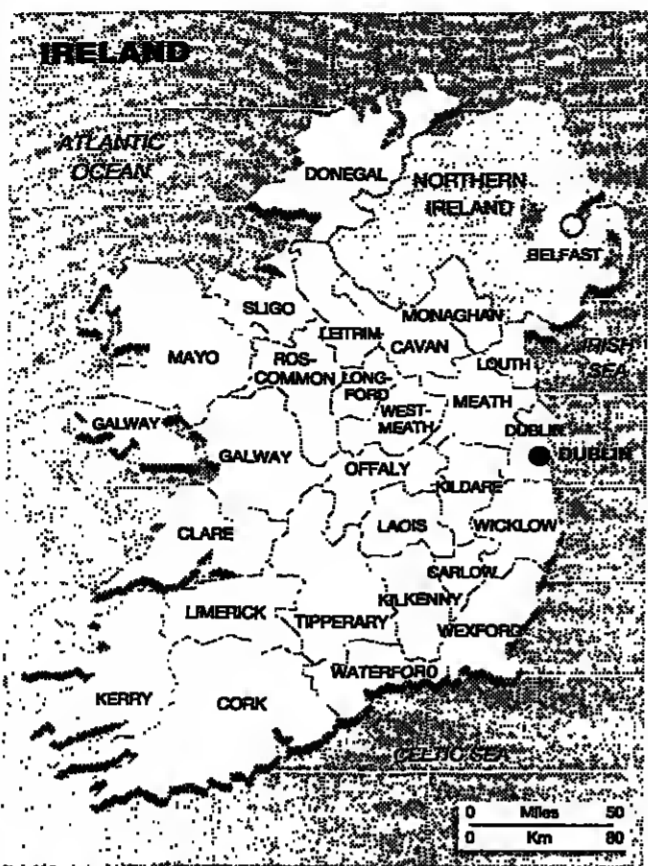
Perhaps an 18th century house - or an 18th-century-style house built in the 19th century, with stable yard, outbuildings, walled garden, land and fishing may be to your taste. Even with 6 per cent purchase tax, there is more for your money in Ireland - and no domestic rates or council tax.

If you like a different pace of life, Ireland has masses to see and do. Although the numbers of British visitors has fallen in recent years, do not be afraid if you are English. The insoluble saga of Northern Ireland has an extremely limited effect on day-to-day life in the republic.

The economy looks to be climbing slowly out of recession and, after a traumatic spell in the wake of the British pound's devaluation, the Irish punt has settled at so close to par with the pound that we can show the guide prices with a £ sign that holds for both countries.

Interest rates are down and, as in Britain, devaluation has given farmers more Green Punt through the EC's payments. Farmland prices are holding up well.

The Irish country house market was buoyed during the UK property boom as English buyers saw what good value Ireland offered. With heavy falls in prices during last year and the early part of this, it is even better value. Travel between Heathrow and Dublin has improved with three companies (Aer Lingus, BA and British Midland) competing for



travellers, while EC grants are financing new major roads.

This makes it feasible to live in Ireland and commute to England for, perhaps, a shortened office week. One might also be able to work from home by fax or modem, and realise a considerable saving compared with buying a similar house in, for example, Hampshire.

Knight Frank & Rutley, together with Hamilton Osborne King (HOK), is selling Rathmore Park in Co Carlow by auction on Friday at a disclosed reserve of just £230,000 for a Georgian house with park, stables and fishing on the Slaney. A higher price will be no surprise. Last week HOK sold the Georgian-style Coolclogher House in Co Kerry at auction at £420,000, as against

an expected £300,000-£350,000, attracting domestic and foreign bidders.

Auctions are regular in Ireland and do not carry the "it could not sell privately" stigma - as can happen in the UK. The auction reveals which people are really interested in the property. If it has not sold, they can be approached afterwards for private negotiations. If it does sell, there is the advantage that everybody knows the price.

The most expensive house on sale in Ireland is a Georgian stately manor with reception rooms designed by Robert Adam and a remarkable collection of Asian conifers and rhododendrons. Headfort House at Kells in County Meath is a convenient 40 miles from Dublin,

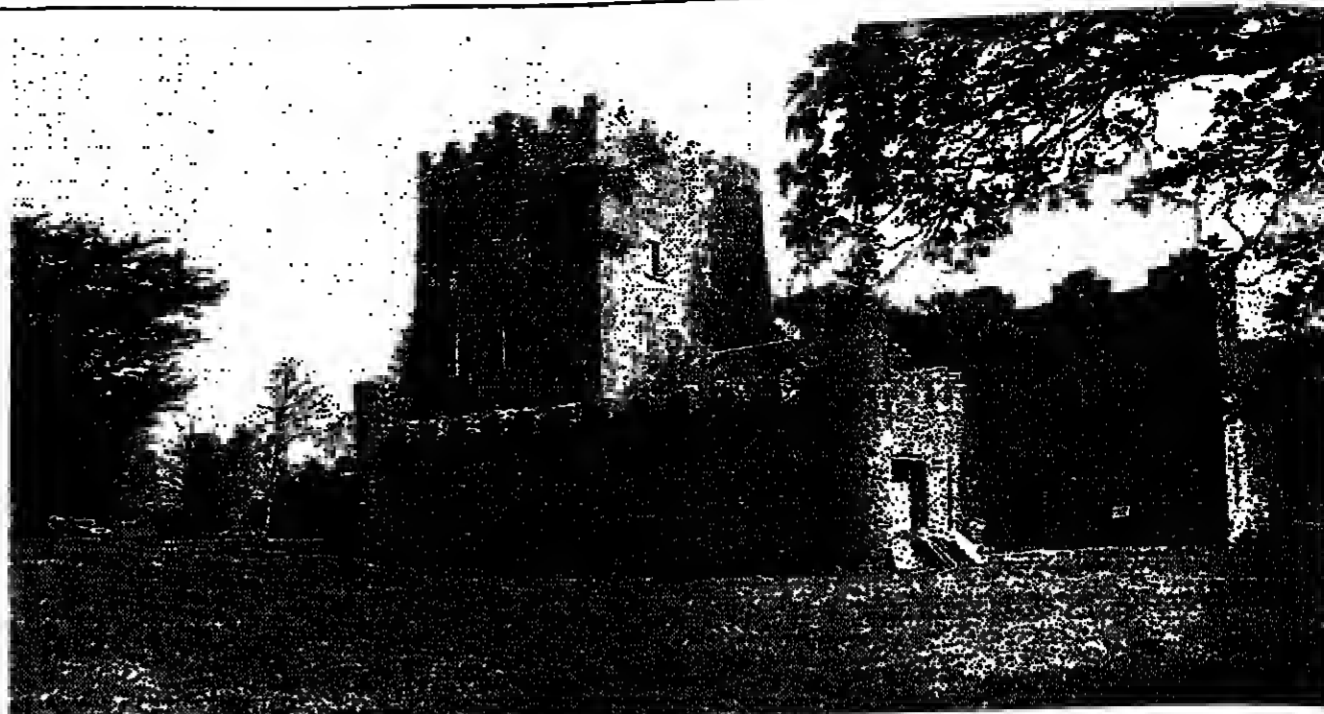
with 860 acres including 11 cottages, a shoot and fishing on the Blackwater. This great house is now leased to a prep school. The buyer can move into a wing, but will have to wait five years for the whole of the big house, which Keane Mahony Smith (KMS) offers at \$4m.

Much cheaper is Avonmore House near Dublin in Co Wicklow at £1.75m from HOK. It is a lovely Georgian house with ornate plasterwork and comes with a heated swimming pool and stable yard with 18 boxes. And £1m secures the Noan estate of 550 acres (again a Georgian house) in Co Tipperary, from KMS in Cork and Jackson-Stops & McCabe.

A rare Georgian house near Howth at the north end of Dublin Bay, with a fine windswept, seaside garden and 10 acres in all, is Drumleck which Lisney offers at around £1.5m. In Co Galway in the west Heaslip is selling Clydagh House at Headford on Lough Corrib, which still has free fishing for salmon and trout. The Georgian house has 146 acres for around £750,000.

Near Mullingar in Co Westmeath and convenient for Dublin is Gigginstown, an 1840s Georgian delight in grey stone and white paint, set in parkland. It is not overwhelming - Robert Ganly, of Ganly Walters, agents with Strutt & Parker calls it "a grand bonest house" - but it does have fine plasterwork and a main staircase that splits into two at the half-landing. The vendor, who is leaving after 58 years there, says she is "lucky to have been a tenant for life" and looks for a sympathetic buyer. The price is around £580,000.

In the Troubles in the early 1920s big houses of the Anglo-Irish ascendancy were burnt down - a powerful theme in the writings of Molly Keane and William Trevor. I had assumed that they were left as ruins. Wrong. The government gave compensation (as today in Northern Ireland) and some



Fairytale castles: photographed above is Cloghan Castle in County Offaly for around £700,000 and, left, Drumleck in County Kerry for around £400,000



Water races through the rapids outside the 18th century woolen mill and still turns the wheel. I sat in the picture window of the old weaving loft and watched the river. Sitting under a large tree, I should have seen kingfishers and herons, and last week a pair of otters played on the other bank.

The grounds are wooded and rocky with rare azaleas and rhododendrons. The only noise is the river. Ganly Walters, Strutt & Parker and JSM offer this paradise at £325,000.

■ Further information. In Cork (telephone code 353-21): Cheveley Johnston (5011009); Keane Mahony Smith (570311). In Dublin (353-1): Ganly Walters (560-3155); Gunne (668-2588); Hamilton Osborne King (676-0251); Jackson-Stops & McCabe (671-1177); Keane Mahony Smith (661-9933); Lisney (661-5222). In Galway (353-91): Heaslip (65261). In Newbridge (353-45): Jordan (33550). In Maynooth (353-1): Conan (628-6128). In Waterford (353-51): Palmer Rohan (72061). And in London (44-71): Knight Frank & Rutley (071-629-8171); Strutt & Parker (071-629-7262).

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OUTDOORS

Motoring

Four-track minded

Stuart Marshall looks at the Spanish-built Nissan which is ready to join the swelling ranks of four-wheel drive vehicles in Britain

RISING sales of on-off road 4x4s are like one of the vehicles being driven well across rough country: in a word, unstoppable. Europeans are expected to be buying them at an annual rate of 350,000 by next year. In Britain, the recession has done nothing to blunt sales. They have been rising for six years and went up by no less than 36 per cent in 1992.

Britain's best seller is the Land Rover Discovery. But Nissan, which made its first 4x4 in 1981, only three years after the Land Rover was launched, is already big in Europe. It is confident the Spanish-built Nissan Terrano II, which is also to be marketed by Ford as the Maverick, will make it bigger still.

Shrewdly, Nissan is calling Terrano II an all-road rather than an off-road vehicle. It knows that the last thing most buyers will have in mind is plunging around axle-deep in mud. In Nissan's sights are buyers living in towns and suburbs but having an active interest in country life, even if it may only be walking dogs on the downs, going to a point-to-point or towing a caravan.

Some Terrano IIs will, it thinks, be used on weekdays as car substitutes for commuting and business motoring, for taking children to school or going to the shops. (Just like the average Range Rover, Discovery or Shogun, in fact, though Nissan

is too polite to say so). Terrano II (for which read Ford Maverick because only the badges are different) was developed in Europe for European buyers. There are short and long wheelbase models with three-door or five-door estate car bodies. The longer one (pictured) feels more car-like on roads than almost any other 4x4 I have driven though the short-wheelbase model has a choppy ride on all but the smoothest roads.

Like the Mitsubishi Shogun and Isuzu Trooper they have independent front suspension. There is a coil-sprung back axle, selectable four-wheel drive (on hard surfaces you use rear-wheel drive only) and 5-speed gearboxes plus a high/low transfer box. This provides ten gears in four-wheel drive, five in two-wheel drive. There is no automatic transmission option.

Engines, both four cylinder, are a petrol 2.4-litre and 2.7-litre turbo diesel. Although the diesel develops less power (100 horsepower against the petrol engine's 124) it pulls so much harder at moderate revolutions that it feels at least as muscular. I preferred the diesels, which most buyers will go for, on and off road.

At an indicated 90 mph/145 kph and 4,000 rpm on the autoroute, a 5-door was even quieter than the petrol engine version. The official figures suggest an average 24.5 mpg (11.5 l per 100 km) for the petrol, 28.5 mpg (9.9 l per 100 km) for the



Nissan's Terrano II shrewdly called an all-road rather than off-road vehicle

diesel. Used mainly in town and on local roads, not motorways, the diesel's economy benefits would be greater.

For comfort, light controls, noise levels and ambience, Terrano II and Maverick are more like a Nissan Primera than one of their on-off road rivals. All have a limited slip rear differential and power steering. The up-to-seven seat, long-wheel-

base five-doors come with a third face-forward bench folding into the load floor.

Terrano II LX and the standard Maverick include most car-type goodies. The posh Terrano II SLX and Maverick GLX also have a powered sunroof, heated mirrors and, at extra cost, air conditioning. Prices, due to be announced next week, are expected to be in the £15,000 to £20,000

range. This will put Terrano II and Maverick in between the Daihatsu Sportrak, Suzuki Vitara and Vauxhall (Opel) Frontera Sport and the heavier metal of Discovery, Shogun and Trooper. Probable buyers will include young and image-conscious men and women priced out of their GTI hot hatchbacks by the insurance companies.

The tail-in-air styling grates on me a bit and I see little point in having a four-wheel drive to use solely on the road. Having said that, a long-wheelbase turbo diesel Terrano II or Maverick might fit easily into my country town lifestyle. And if we ever had a really bad winter again, its 4x4 traction would be worth its weight in gold.

Gardening

How to curb rampant roses

ROSES ARE now everywhere and the great flush which we expect in late June is two or three weeks early. My indicator is the single rose Complicata, probably because I grow too much of this extremely uncomplicated plant in rough-mown grass. It was a great favourite with Arthur Hellyer, the FT gardening writer who died last year, and in average years, we expected it to peak around July 1.

It is a big, easy shrub and it will even grow upwards into fruit trees, as you can now see at Mottistoun in Hampshire. This year, my index of the season is almost past its best, two weeks ahead of time. In all this earliness, the older roses are leading the way and you need to move quickly if you want to visit gardens at their best: I do, however, find that the earliest are those in direct sunlight and that the Bourbons are still later than accelerated albas, damasks and gallicas.

Among festoons of flower on my favourite climbers, on Paul Lede and the flat white Somereuil, I am relishing some contrary European wisdom. I have the old Royal Horticultural Society handbooks on roses. They were absolutely adamant, those experts of the pre- and post-war era: never allow a rose's stems to criss-cross, chafe or obscure each other. Pruning should occur in early winter or early spring, although the merits of one season over the other sustained an argument for nearly 50 years. Whenever we do it, we should, however, follow the rules: keep those roses fanned out on the wall, open out the centre to the light and cut out excessive stems from as low a point as possible. On one awful fault of all Britain's experts agreed: never clamp the stems of the rose into a bunch, and never ever use staples to fix them back on to a post or support. There are old illustrations, deploring this hangman's tactic.

For years, therefore, I have

pricked myself in cold winters: I have cut out long canes from the ramblers and struggled to open out the centre of Mrs Herbert Stevens in late February. Then, I travelled and noticed a curious thing. In one of the world's best-kept rose gardens, they are breaking all the RHS rules and are none the worse for it.

In ancient Egypt, people used to marry their sisters; in India, wives jumped on to their husband's funeral pyre. Society survived: in Bagatelle, the supreme oasis of Paris, the robust climbing roses are being stapled on to posts, chafed and treated as if they are blackberries, trying to escape.

They have been treated in

research would show that the RHS was right. I have just been back to check again. Caroline Testout is bursting with flower and Alberic Barbier is almost looking tidy. Perhaps it is the French climate; perhaps it is the local genius of Bagatelle, but their roses are extremely happy, having escaped from the National Rose Society's guidelines.

In this new straitjacket, three French methods impressed me: the stake, the iron cage, and the rope. Roses are clipped and crucified on each of them: nobody is to be seen knitting below these scaffolds, and yet the heads of flower roll happily by the thousand. Would it also work for

winter in case the summer daylight becomes obscured.

The iron cage is an alternative with real potential. In Britain, we use iron cages around young trees to keep off deer, malevolent rabbits and other people's teenagers and dogs. In France, cages are used like tall lamp posts on to which climbing roses can be trained to a height of 10 or 12 feet. You need to drive three or four lengths of metal into the ground arranging them round a bed of a yard's diameter, cut as a circle. In the middle, over-planting prevails again because the French rule is to plant three or four climbing roses of serious vigour, defying the RHS rules of density. The roses then run up to the top of the cage and are clipped, *comme vous voulez*, without any nonsense about November or February. The result, this month, is a great cone of flower, like a stage designer's dream for a summer set. If you need height and emphasis in a summer garden, you should think very carefully about the scope for three or four different climbers, trained up a secure circle of metal posts.

The rope trick appeals to me particularly. In Britain we do grow roses on ropes and you can see them superbly at Hyde Hall in Essex, one of the great post-war rose sanctuaries which is open to the general public. I was brought up to believe that roses on ropes were all very well for Queen Mary's rose-garden in Regents Park or the National Rose Society's display garden in Hertfordshire, but they were not a feature which civilised gardeners would want at home.

Swags are over the top and recommended rope-varieties are vilely coloured. Who wants a Kordeis climber with those boring glossy leaves and harsh red flowers, turning purple in hot weather on a spiced main-braze at eye-level? The whole inclination of a rose with spirit

is to grow off a rope, not on to it: do we have to wait to cut it until the Great Pruning Debate is in season and finally, we can tidy it up for the year?

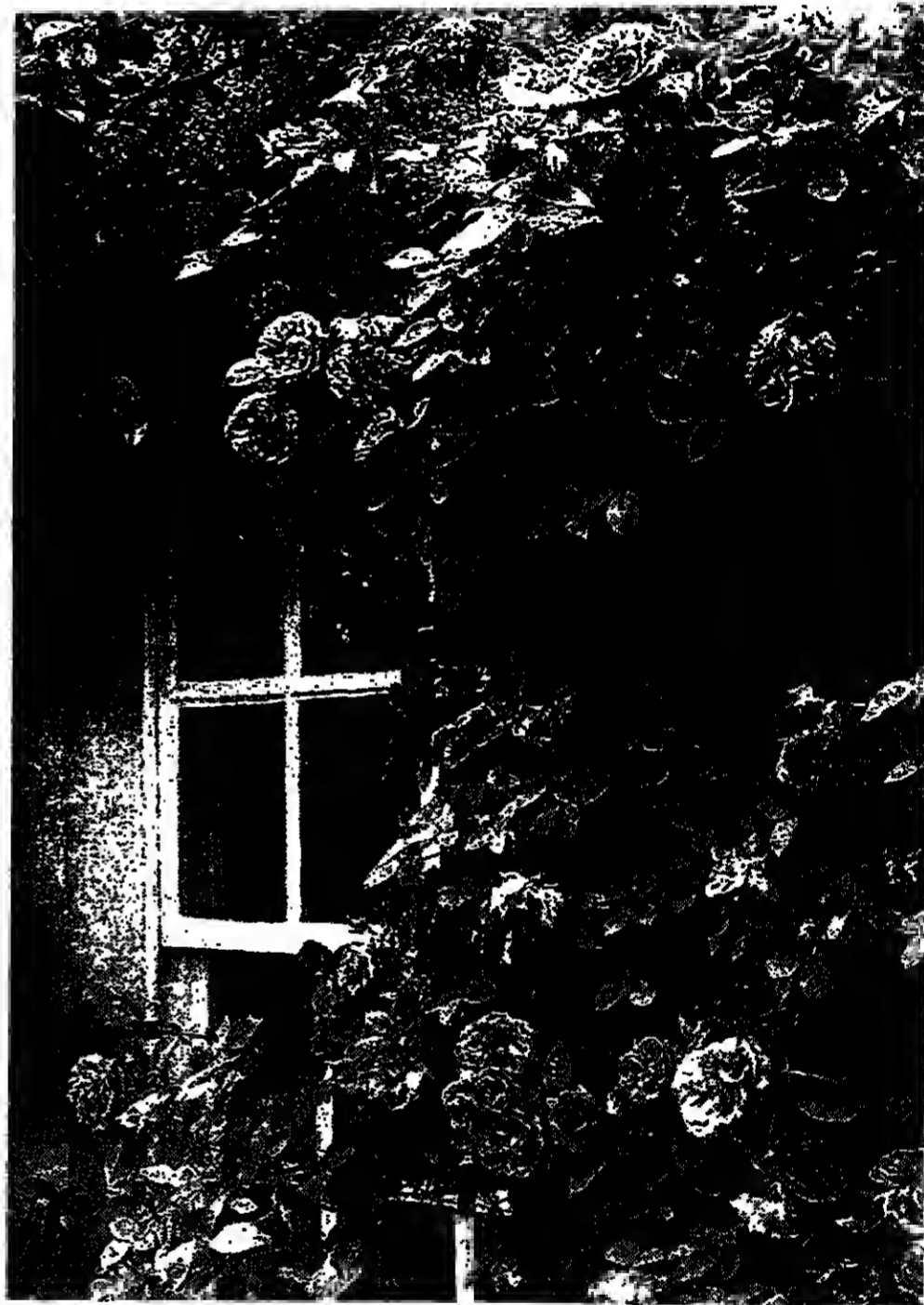
At Bagatelle, they are more broad-minded. Their rope-varieties include rampant white-flowered favourites like The Garland or Alberic Barbier and they are spaced two or three yards apart.

These roses are amazingly rampant in Britain, but in France they merely prune them as soon as they have flowered and whenever else they need: as a result, they run like neat little Banksians along ropes of the sort of superior thickness which cordons off partygoers and keeps them out of privileged enclosures. Reared on the RHS, I would have declared it impossible: these varieties are much too rampant, whereas the right sort for ropes should be a winner of the President's Trophy with beastly modern leaves and flowers in a sharp shade of carmine.

Vast possibilities now reopen. If ropes will support the prettiest old ramblers and summer pruning suits them, why not edge a long flight of steps with a hand rail of white Bobbie James, pruned in to shape?

In France, Felicite and Perpetue are totally happy, being martyred and chopped in July after flowering: could we not direct them on ropes along the backs of borders or as edging to main lines of view?

In the gardens of my Old Vicarage, I can now string up a Rumbling Rector, an atheist's rope-trick for one of the loveliest white roses in the book. The art is not to raise the ropes too high or to connect them to anything made of dipped red cedar or treated with that awful golden tinge. Pruning can then take place in summer after flowering, not in winter when you catch a chill. As for



Climbing high: Zéphirine Drouhin from Anita Pereira's The Flower Garden (Century)

criss-crossing, let us merely say that in France they do not seem to mind it as much as the old experts suggested.

In short, the rules are relative. Did those who designed them in pre-war Britain ever cross the Channel

and give French habits the benefit of the doubt? Or do the rules reflect the mentality, class and character of those who draw them up, country by country?

I am now turning ropes and considering stakes as well as

expensive arches, next year, I will enter the Great Pruning Debate but my contribution will be in late July, with the advice to get out promptly and prune anything in the rose bed which is not capable of a second autumn season.

Robin Lane Fox looks at how the French deal with roses when they go on the rampage and finds that it is, after all, quite a pretty sight

this way for years. In spite of the RHS rules, roses like Graines or New Dawn have made huge trunks with old, cantankerous thorns: in June, they are covered in flowers and, if their stems offend them, the French simply cut them out. They do not bother with the Great Pruning Debate about the relative merits of November and February. They cut them after flowering; they cut them again in autumn if they look a mess; they start from the principle that the roses must look trim and neat and, except in the months when they are forming buds, they simply cut them to keep them tidy. They stand at the opposite extreme to that other heretic whose results encouraged me to disobey in the opposite direction: in Suffolk, the great rosarian, the late Humphrey Brooks, never pruned any of his roses at all unless they died.

Two years ago, I first saw this Bagatelle treatment and was not sure that I believed it in the long term, surely,

Climbing Lady Hillingdon?

Each method is characterised by a major breach of RHS wisdom: by British standards, the roses are seriously over-planted. The preference is for thick wooden stakes, about a 1 1/2 inch wide and 1 1/2 inch thick, with none of the flimsy ironwork of an English Sloane's metal arbour. On to the two main sides of this post, a climbing rose is planted both front and back and the two plants are then stapled on to the wood and left to "faire le criss-cross", on the understanding that if any stems flop out of control, they will either be pruned immediately or stapled back into the main tangle.

As for the criss-cross, you have never seen the equal, a sort of rosette cat's cradle in which everything chafes and refuses to fan out. In Britain, we limit our roses to one stake for each plant and take the greatest care to prune them in

AS A CALLOW young man, I decided that my image as a fisherman needed a prop to be rounded fully. So, I bought myself a pipe. The fact that my pipe and I did not get on, and that it was discarded after one gruelling session of match-striking, puffing, blowing, choking, poking and spitting, is beside the point.

The point is that I wished to smoke a pipe because Mr Crabtree smoked a pipe. He was never without it. Whether spinning for pike, float fishing for roach or casting a fly for trout, there it was, clamped in a firm mouth somewhere between square chin and clear, honest eyes.

Occasionally, he might take it out, to wet a knot or gesture at some waterside phenomenon. But, most of the time, it was where it belonged, and from its bowl issued a trail of smoke which seemed as essential an element of the angling scene as his rod and reel.

I did not try to emulate other characteristics of Mr Crabtree's appearance: his



the fine, old-fashioned title *Mr Crabtree Goes Fishing*, sold more than 2m copies in the 1950s and a good few more when resurrected for republication four or five years ago.

Their creator in those distant days was Bernard Venables, who has slipped in and out of the angling world ever since. Now, after a long silence and aged 86, he has made a comeback with his *Illustrated Mem-*

oirs of a Fisherman (Merlin Unwin, £19.95).

Many years ago, I remember, Venables presented a series of programmes on television called *Anglers' Corner*. I can see him now: jutting chin, wispy beard and artistically windswept hair, consulting some weatherbeaten Kennel ancient on the best spot for perch; then using tackle of the Crabtree school to pull out three or four bristling stripies, each of 2lb and more, and all in quarter of an hour.

I did not know then that Venables had fathered my spiritual tutor, Mr Crabtree; not that he had founded what was then my weekly dose of instruction, the *Angling Times*. But I did become aware of him through the appearance and brief, glorious life of what remains, 25 years after its

death, the best fishing magazine ever produced in this country - *Creel*.

Creel reflected, in the range and variety of its coverage, the Catholic tastes of Venables, who was its founder and first editor. I have all the numbers with me now, and I still marvel at them. Flicking through the pages, I roam from the Gulf of Mexico to the mountains of Slovenia, from Lake Rudolf to the loughs of Ireland, from reed-fringed Norfolk broads to the rocky torrents of Snowdonia.

Most of the great names are here: Reg Rigney on salmon, Clive Gammon on bass, BB on catching a ferret, Fred Buller on pike, and Bernard Venables on just about everything. His characteristically purplish prose and full-blooded, naturalistic paintings are everywhere.

The photography, the writing, the presentation in the jargon and the production values of *Creel* have never been matched. Not surprisingly, it went bust and Venables drifted off the stage.

His new book is an indispensable document for anyone interested in the development of fishing post-war. It is also a somewhat tantalising affair. Venables jogs through the principal landmarks of a long career, leaving enormous holes in the narrative and revealing little of himself. For my taste, there are not enough fishing stories and the numerous paintings do not seem as evocative as his work of yore.

Nevertheless, Merlin Unwin is to be congratulated for extracting this book from a remarkable old man. And he has made his customarily handsome job of it. For anyone interested in further exploration of the Venables oeuvre, I would recommend back numbers of *Creel*, his best book. *A Fisherman's Testament* - and, above all, the deathless Mr Crabtree.

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SPORT

Tennis/John Barrett

Rivals for the throne of the hair

NOT UNTIL last Tuesday did we know whether defending champion Andre Agassi, the No 8 seed this year, would be able to keep his appointment with tradition by opening Wimbledon's Centre Court programme on Monday.

It was only after he had lost in three sets to the German left-hander Charlie Steeb in the new grass court tournament in Halle, Germany, that the 23-year-old American could confirm he had no pain from the tendonitis of the right wrist that had stopped him competing since April 9. When he pulled out of the French Open last month Agassi said: "Whatever happens, I am determined to defend my title at Wimbledon - even if it means having pain-killing injections."

Cynics will suggest that Andre's determination to play has more to do with a racket contract he has just signed than with pride of performance. Nevertheless, the multi-million dollar deal should considerably relieve any lingering pain.

More painful is Agassi's draw. The champion may hardly have time to play in his new racket. His first round opponent is Bernd Karbacher who comes from the same

Karbacher will be no pushover. Two months ago this powerful hitter beat Boris Becker in Hamburg en route to the semi-finals. At the French Open he overpowered as good a clay court player as former champion Michael Chang. Unless the slightly overweight and ponderous Agassi can find his best form, and with no match play that is unlikely, the fast improving German may end his brief moment of glory. Andre could find himself returning to Las Vegas sooner than he thought aboard his new jet. "The flagship of American Hairlines" as a pressroom has christened it.

Becker, seeded four, also has one of the strong young Germans, Marc Goellner, as his first opponent. When, in Nice last April, qualifier Goellner delivered his thunderbolts to win his first Tour title, with victories over Stefan Edberg and Ivan Lendl, he sent shock waves through the tennis community. This 22-year-old, Bonn, a genial giant who stands 6 ft 5 in in his socks, is an intimidating figure even when he smiles, which he did a lot in Nice.

Yon could see the glint in Goellner's eye at practice this week when he heard of his draw. Becker, short of match play and still a yard slow at the Stella Artois last week, was less than thrilled. His response was to visit David Lloyd's Club near Wimbledon for extra gym training.

All this action takes place in the top half of the draw where Pete Sampras is the No 1 seed. Sampras is still my idea of the most likely winner in a year when there is no outstanding favourite. Sampras has a reasonable draw although he may have to play the Stella finalist Jamie Morgan in the second round. As we saw at Queen's Club last week, when he saved two match points in beating Edberg and then held four points to beat Stich before losing, the quiet Australian with the heavy serve is a natural grass court player, even though he hardly ever plays on the surface.

Sampras is supposed to meet Agassi in the quarter-finals but I expect to see either Richard Krajicek (seeded nine) or Marc Rosset emerge to challenge him. The probable second round meeting between these cannonball servers should produce enough fireworks to make November 5 seem like a dark night.

If Becker survives Goellner's onslaught, as he should, there will be other stern tests against Alexander Volkov, who was within two points of beating Stich in the German's winning year, and Maliva Washington (14). Then, if the seedings prove accurate, there will be another clash with Stich (6) in the last eight. This, a repeat of last

week's Stella quarter-final and also the 1991 Wimbledon final, both won by Stich, would be an emotional match for both. The leadership of the German game is at stake.

The lower half is dominated by Edberg (2), and last year's finalist, Goran Ivanisevic (5), who should both rise above a plethora of clay courters and emerge to the semi-finals. In spite of the Croatian's lack of match play due to a stress fracture of the right foot and achilles problems (everyone, it seems, is carrying an injury), I believe that he will improve as he starts to pile up those aces - there were 206 last year! As usual the canny Edberg has timed his effort well and there is the prospect of impending fatherhood to inspire him, not to mention the lure of a third title and a prize of \$305,000 - just about enough to decorate the nursery.

Jim Courier (3) is supposed to be Ivanisevic's opponent in the last eight but I shall be amazed if he survives to that stage. Drained from his unavailing fight against Burguza in the French final, Courier needs a rest. Jason Stoltenberg, Wayne Ferreira (13), or an improving Swede called Henrik Holm, whose father was an old opponent of mine, might oblige. What of Ivan Lendl, the No 7 seed? Sadly, this most professional of athletes, now 33, is losing his grip and finding it

difficult to accept the fact. He might easily disappear in round two at the hands of Frenchman Arnaud Boetsch who arrives fresh from a first career win on the grass of Rosmalen in the Netherlands.

If I appear to have ignored the ladies it is only because they are so predictable. In Paris this year the top eight seeds emerged to the last eight for the first time since open tennis began in 1968. Barring injury or illness, I believe the same may happen here. If it does, then the quarter-finals would look like this: defending champion Steffi Graf (1) against Jennifer Capriati (7); Arantxa Sanchez-Vicario (3) versus Conchita Martinez (6); Jana Novotna (8) against Gabriela Sabatini (4); and Mary Joe Fernandez (5) against Martina Navratilova (2) who, looking for a tenth title, I do not believe she will find it. Although we will probably have a Graf v Navratilova final, I expect to see the German winning for the fifth time.

Oh, and we should have a nice quiet year, too. There will be no grunting from Monica Seles - she is absent - and no interruptions from the fierce Mr Pierce who shouts and fights when his daughter Mary, the No 13 seed, is playing. Jim, an American with a prison record, has been banned by the Women's Tennis Council for the rest of the year. Wimbledon will follow suit.



Gentle giant: Marc Goellner is a first-round threat to Boris Becker at Wimbledon

Soccer/Patrick Harverson

US falls for all-American German boy and his sport



American as apollukcher: Thomas Dooley of the US resists John Barnes of England. Dooley scored against England and Germany, his native country

IN THE past 10 days, the performance of a German-born, German-raised soccer star who plays in the German professional leagues and who barely speaks a word of English has done more to raise the spirits of soccer fans in the US than anyone since the great Brazilian Pele arrived in New York in the early 1970s.

In two games, Thomas Dooley, who was recently awarded US citizenship because of his American GI father, scored three goals for the US national team and led his newly adopted country to an improbable victory over England and a highly creditable 4-3 loss to the world champions, Germany.

In the process, Dooley and his team mates turned the US Cup '93 (a four-team contest arranged as a dress rehearsal for next year's World Cup) into a genuinely competitive tournament, and awoke the interest of a surprisingly large number of US sports fans, many of whom at this stage of the year would normally be occupied with baseball, basketball, golf or giant dump-truck racing.

The newspapers and weekly magazines afforded the tournament considerable coverage, highlights were shown on the evening sports news broadcasts, and the historic victory over the English earned an editorial in the *Wall Street Journal*, cheekily entitled "College Boys Shame England".

The size of the audience for the only US Cup game that was shown live on network television (US against Germany on ABC) surprised everyone: roughly 2.6m households watched the game, an audience larger than for some regular-season baseball and ice hockey games.

Although the game was only up against a repeat of a National Geographic show and an "infomercial" on the other two networks, the ABC figures delighted the organisers of next year's World Cup. Alan Rothenberg, head of World Cup USA 1994, described the numbers as "spectacular", adding, "I don't think anybody dreamed we would get that."

More importantly, the game itself won rave reviews. Hank Steinbrecher, executive director of the US soccer federation, said that "seven goals is a pretty good advertisement for ABC and for soccer."

Yet, in spite of the healthy audience, some critics still believe that Americans will not turn on to World Cup soccer in large numbers next year.

In an acerbic column in the

New York Times, Richard Sandomir, who writes regularly on TV sports, insisted that soccer and television do not mix. Soccer, he said, was a game played on too large a field to offer the intimacy that makes sport attractive viewing. Sandomir also argued that watching a 90-minute game with commercial

breaks only at half-time was too exhausting for the average US sports fan. (In a revolutionary move, ABC broadcast the game commercial-free.)

Although Sandomir was writing clearly with his tongue in his cheek (soccer, he said, "takes place across enough tundra for a *Dr Zhivago*

remake"), he has a point. Americans are used to consuming their sport in easily digested, bite-sized pieces - there have to be long enough gaps between each period, quarter, inning, or whatever, to crack open another can of Budweiser, wolf down another hot dog, visit the toilet and

still have enough time before the game resumes to curse your team.

Televised World Cup football is going to remain a hard sell, even though the coverage of the US Cup games was surprisingly alert and sophisticated, considering ABC had never done this kind of thing before.

The coverage on the cable station SportsChannel America, however, was less successful, primarily because play was regularly broken up by commercials. This was extremely disconcerting. "Snackers, a chocolate bar that really satisfies" cut back to the game "Oooooo, England almost scored there."

Fortunately, the attendances at the World Cup games should be impressive. If 250,000 people turn up for six games in a "friendly" tournament such as the US Cup, there will be plenty of enthusiasm when the real thing comes around.

Demand for domestically-available World Cup tickets has already proved voracious and almost the entire allocation for US-based fans has been sold. Last Sunday, Rothenberg said it was "absolutely incredible" that stadiums in New York and other big cities that morning had sold tens of thousands of group tickets (costing anywhere between \$140 and \$400 for five games) in the space of just a few hours. The promise Rothenberg made two and a half years ago to sell every ticket for every game (a promise which at the time drew cynical laughs from European journalists) looks as if it will be kept.

Print and television commercials advertising World Cup 1994 have also begun to appear, as the organising committee fires the first shots of a year-long marketing campaign. The slogan for the commercials, "Don't Miss It For The World", is clearly aimed at feeding on the American enthusiasm for events staged on the grandest of scales.

The nine stadiums, many of which will put their European counterparts (okay, their English counterparts) to shame, will all be ready on time. Some of them, such as Giants Stadium outside New York and the indoor Silverdome near Detroit, where England and Germany will play tonight in the first indoor international, will prove spectacular showcases for the soccer premier tournament.

All in all, the organisers are pleased with the progress of their preparations, especially the success of the US Cup. "We've had huge attendances, a good television rating and a tournament that has come off without any significant hitch... We're over the moon," said Jim Trecker, senior vice president of World Cup '94, a man who has clearly learned one of the most important elements of the game of soccer - know your clichés.

Golf/Derek Lawrenson

Playing to a noisy New York gallery

EXPECTING New Yorkers to spend a sporting day in silence stretches credulity to unreasonable bounds. Bobby Bonilla, for example, was just five games into a new career with the New York Mets baseball team when he saw the home-made sign in the crowd. It said: "Do Better, Ya Bum."

Clearly then, words collide when the US Open Golf championship makes a periodic visit to one of several designated sites that encompass the outskirts of the city. This year, the venue is Baltusrol, which is in New Jersey, just a 30 minute ride from the centre of Manhattan.

So who is winning in this contest between the brash New Yorker and the sober Royal and Ancient game? Not surprisingly the former is. It is not necessarily a bad thing.

Of course, golf would quickly become extinct if crowd noise became excessive. Silence is not just desirable while a golfer is playing his shots, it is absolutely essential. The game depends on strict observance of this code of conduct.

But enforced silence can weaken interest. Many golf tournaments become boring through lack of atmosphere. The sport is at its most fascinating when the crowd is totally involved. At the Ryder Cup, for example, or the final holes of any Open championship. And also, a US Open in New York.

The great players respond, too, when they have a crowd in thrall. Baltusrol has already played host to two of the great US Opens. In 1967, a rather plump young man called Jack Nicklaus finally cast off his image of onflow to Arnold Palmer's John Wayne, by shooting a record 72-hole total.

Nicklaus was back for more in 1980. This time, he was a washed-up icon. But at 40 he rediscovered his best form, and the New Yorkers responded and the final green was bathed in emotion. Nicklaus has no doubt that the reaction of the crowd made this the most

memorable of his 18 major championship victories.

Already, this year's tournament has produced some lovely cameos. In Wednesday's final practice round, John Daly, Fuzzy Zoeller and Robert Ganser were paired together. At the short par three fourth, Zoeller's tee shot finished in the water that fronts the green. He played a second ball, which finished towards the back of the putting surface.

"That's where the pin will be on Sunday," he said loudly. "Always presuming you'll still be here on Sunday," said a voice in the crowd.

Daly shouted: "Well, let's see if you can do any better, wisecracker."

Daly has probably said this at tens of venues to tens of fans and they have all gone red and mumbled something into the palm of their hand. Not now. Not in New York.

The spectator stepped out of the crowd and into his dream. Zoeller gave him a five iron.

"I need a four wood," the man said.

"Don't be nervous, now," said Zoeller.

The spectator hit a horrible shot that never came close to making the green.

"Not as easy as it looks, is it?" said Zoeller, as they both shook hands, laughing.

In this tournament where 155 men set out with hopes and ambitions on Thursday there walks also one boy. His name is Ted Oh. He is a 16-year-old, from California, of Korean extraction, who came through the long and arduous qualifying process. He is the youngest US Open competitor for 42 years. In the changing room, the players' lockers are in alphabetical order, and Oh was delighted to find his next to Nicklaus' or "Mr Nicklaus" as he calls him.

On Wednesday, Oh put himself down to play with Severiano Ballesteros. For a few holes Ballesteros was totally absorbed in his own troubled world. But he heard the roars of the crowd, forgot himself for a moment, and saw the play of his young partner. All at once his features softened, he put his arm around Oh's shoulders and told him about trying to keep the ball low under the cross winds and how to play from the collar of rough that protects each green. Then Ballesteros acknowledged the raucous cheers from behind the ropes.

Of course, it can get out of hand. When one fan at the US Open at Shinnecock Hills on Long Island, shouted the word "Choker" at Greg Norman in 1986, he was swiftly invited by the Australian to rendezvous behind the 18th green at the end of his round.

Fortunately, the invitation was refused. But Norman has joined in the applause this week, because he knows that New Yorkers discriminate most of all in favour of the kind of colourful, adventurous golf that he specialises in playing.

In those circumstances, the sport can more than stand a little whoopin' and hollerin'.



Joint first-round leader Scott Hoch

Croquet/Nicky Smith

Kings of the lawn

17-3, was a walkover for the British. "It lacked the same thrill as the last test in New Zealand (in 1990) which was much closer," he says but he was justifiably pleased with his team's success as three of the six players, John Walters, David Maugham and Chris Clarke, were newcomers to test matches.

John Walters, 28, won the 1991 World Championship after nearly a decade of unremarkable play. He battled through to the finals again last year in Newport, Rhode Island, where he lost to Robert Fulford. Maugham, 23, is distinguished by his accurate and consistent "shooting" ability on the lawns. In Australia, he set a test record by completing a 12-hoop two-ball break against the veteran New Zealand champion, Bob Jackson.

Fulford, 23, is the undisputed top player in the world. He let slip a

maths degree at Durham to concentrate on croquet and since then, has toured the world, earning a meagre living from his play. He made his first test appearance in 1990, has won the World Championship twice and during his recent world tour, won the New Zealand Open Championship, becoming the first British player to do so in 30 years. He is keen on chess and, bridge and obsessed by tactics.

Fulford's style of play is unattractive to watch but his ability is undeniable. If croquet provided a fraction of the prize money of golf or tennis, Fulford would be a rich man. His success is all the more impressive because of the growing number of good British players.

With young talent such as this, backed by the experience of players like Openshaw and Colin Irwin, playing his third test this year, it is

small wonder that the British are currently supreme in croquet. Yet both the players and the game receive little recognition. There are two main reasons for this. One is the ingrained image of croquet as nothing more than a "vicious garden game", making it hard for anyone except a keen player to take it seriously.

More important, is the muddled attitude of British croquet's governing body, the Croquet Association. From its tiny corner in London's elegant Hurlingham Club, the CA consistently fights a battle with itself over the nature of croquet. It is a "game" that even Lewis Carroll would have found hard to conceive. On one side lies a craving for publicity and the necessary sponsorship it brings. On the other, is the fear of crude limelight that can follow fame and a rigid defence of British croquet's amateur status.

Endless discussions are held on promoting croquet the "right way" which invariably means not at all. Opportunities slip by. Sponsors find themselves welcomed eagerly then forgotten in the stampede to find someone else to back the latest tournament.

Press coverage is haphazard and publicity - of any kind - is usually greeted with suspicion.

However, as in all things concerning croquet, the unexpected can and does occur. Just when the weighty flammings of administration seems too much to bear something happens to make it all worthwhile. The British Council is staging an exhibition of International Croquet in Milan.

Milan is the headquarters of Italian croquet and, not surprisingly perhaps, given the complicated tactics of their politics and economy, the Italians appear to have a great ability for the game. Until July 21, the Milanese can enjoy an exhibition of more than 100 photographs of croquet players from the 1890s to the present day and follow the fortunes of a game which is now played from Palm Beach to Palermo.

BOOKS

Joyceana is still blooming

James Joyce still generates literary excitement says Anthony Curtis

LAST WEDNESDAY - June 16 was Bloomsday. That was the day in 1904 when Leopold Bloom walked through Dublin in pursuit of his business and desires, encountered Stephen Dedalus and brought him to his home where Stephen met Bloom's wife Molly. It is the best documented single day in the whole of fiction and it has become a red-letter day in the literary calendar, publishers like to release their latest Joyceana on Bloomsday.

But can there really be anything of any importance left to release? It was way back in 1966 that Richard Ellmann introduced from Faber a hitherto unpublished fiction from the hand of the master, and he suggested that this would be the end.

"It seems probable [Ellmann wrote] that *Giacomo Joyce* will be the last of James Joyce's published writings. He wrote it over half a century ago in Trieste, at that stage of his life when he was completing *A Portrait of the Artist as a Young Man* and was beginning *Ulysses*. *Giacomo Joyce* pivots between the two books."

It was only 16 pages long - as was the original notebook in Joyce's handwriting in which it was discovered - but is, even so, complete. It is a meditation by Giacomo - an Irish teacher of English in Trieste, clearly Joyce himself - on one of his female pupils who is Jewish and who attracts him. It is highly autobiographical.

But it now seems that Ellmann was wrong. Research on Joyce's life and his papers has continued unabated since then. Another Joyce scholar, Denis Rose, has been working for the past 16 years on a critical edition of *Finnegans Wake* and he is convinced that there was another transitional work of fiction, *Finn's Hotel* (the name of the hotel where Nora Barnacle worked when she first met Joyce), composed in between *Ulysses* and *Finnegans*.

This was projected as a series of stories about Ireland and the myths of Ireland. They were begun in 1923 and abandoned in 1924, and then later incorporated into the larger work. Rose claims to have reconstructed this lost work and publication of it was to have been this year's great Bloomsday event. But not for the first time in the history of the publication of Joyce's works, the project seems to have ground suddenly to a halt and is for the moment on hold.

Even so, this year will see in the autumn publication of a "new" book by Joyce, his *Political, Critical and Occasional Writings* from Viking. Little of the contents will come as a surprise to dedicated Joyceans. They will include his early book-reviews, his student paper on Drama and Life (quoted in *Stephen Hero*), his youthful salute to the dying Ibsen, as well as later pieces on Wilde, Shaw and Home Rule. Many of these fugitive writings have up to now been difficult of access. To have them all conveniently placed in one collected volume at an affordable price should be a boon.

Meanwhile the work of unlocking the mysteries of the existing



One of the fine photographs by Alain Le Garsmeur in 'James Joyce: Reflections of Ireland'

published texts reaches new levels of thoroughness. Joyce's love of word-play grew and grew until it became an obsession, a madness. There are signs of it even as early as *Dubliners*. One of the two sisters who have just attended the death of their brother, a priest, in the first story is guilty of malapropism. She recalls a plan for a nostalgic ride that never took place:

"...he kept on saying that before the summer was over he'd go out for a drive one fine day just to see the old house again where we were all born down in Frishtown and take me and Nannie with him. If we could only get one of them new-fangled carriages that make no noise that Father O'Rourke told him about, them with the rheumatic wheels..."

In their new annotated edition of *Dubliners* the editors not only give us a gloss on Irishness, the poor area of Dublin south of the Liffey, they also explain that the new-fangled carriages were not motor-cars but horse-drawn carriages with pneumatic tyres. These tyres were invented by an Irishman, J.B. Dunlop, who was later described by Joyce in *Finnegans* as "the best tyren of ourish times". They add too that Joyce would have seen an advertisement for a patent medicine containing the word "rheumatic" underneath an early version of his story in *The Irish Homestead*.

Then they give us two facsimile pages from the issue of this popular magazine for August 13 1904 containing the beginning of "The

Sisters". It appears under the heading of "Our Weekly Story". The text of the story here differs significantly in places from the later published version we all know.

Such exemplary exegesis takes up a great deal of space; the editors' footnotes become in fact *sidenotes*; and with the illustrations and afterwords at the end of each story, the material the editors contribute to the book is more copious than the stories it elucidates. Anyone who just wants to read the stories without fuss had better do so in the standard paperback and use this as a reference book. It is invaluable as an insight into the young Joyce's mind and to the condition of Ireland at the turn of the century.

A less exacting way of getting to Joyce's source-material is to look at the photographs by Alain Le Garsmeur that illustrate *James Joyce: Reflections of Ireland*. Much remains in Dublin that he would recognise. North Richmond Street, for example, a cul de sac used by Joyce as the setting for the story "Araby", and where at one time the Joyce family lived. We have the opening of the story on one page, and a photograph of the street as it is now on the facing one. But we need to turn to the Annotated volume for an explanation of the street's name (after Charles Lennox, Fourth Duke of Richmond) and to discover there were at this time two Joyce families living there. Le Garsmeur is a fine

photographer, whether catching a customer at Mulligans raising glass to lips or the grim grandeur of such landmarks as the Poolbeg lighthouse and the Martello Tower where *Ulysses* begins. No area of Joyce's work has proved more contentious than the text of this book. The edition prepared by Hans Walter Gabler published in 1969 and currently on sale in Penguin as "The Corrected Text" has been heavily assailed for a host of alleged inaccuracies and was the subject of a blazing long-running row in the literary press on both sides of the Atlantic. The assault was led by an American academic John Kidd, who is editing the whole thing afresh.

Meanwhile yet another American scholar, Jeri Johnson, currently Senior Tutor at Exeter College, Oxford, has reissued the 1922 text of *Ulysses* published by Sylvia Beach from her bookshop in Paris, Shakespeare & Co. This edition was superseded even in Joyce's lifetime and is now extremely rare. Judged by the text of later revisions, errors abound; but when all is said, this remains the text from which the novel made its initial impact. It is the one that its first reviewers T.S. Eliot, Ezra Pound, Virginia Woolf, Arnold Bennett et al actually read - and from which they made their assessments. With Johnson's full introduction, there is no reason at all why it should not give a new generation of readers their first experience of this great work.

The writer who made himself hero

J.D.F. Jones on a new biography of Hemingway

NOT another biography of Ernest Hemingway? We are bound to be taken round the old familiar circuit of First War heroics, suicide father, boozing, big game and bullfighting, and then the sad decline, the hints of androgyny, the suppressed homosexuality, the self-inflicted shotgun death. It is somehow so easy to leave out that he was one of the few greatest writers of our century. It did not help that, from before the Second War until the 1961 death, Hemingway encouraged a personality cult. He projected himself as hero - macho Papa, hunter and deep-sea fisherman, wounded soldier, hard-drinking, hard-loving man-of-the-world. There has ever since been too much confusion between the Hemingway personality and his fictional protagonists - hence some bad biography and a lot of misdirected literature.

Far too many words have been devoted to relating Hemingway's dramatic life to his dramatic works matching the cast of *The Sun Also Rises*, for example, to the pre-war expatriate community of Paris; his father's example as suicide; his sexual proclivity for short-haired cross-dressing; the supposed autobiography of *A Farewell to Arms*. (Hemingway actually spent only a few weeks as a teenaged ambulance driver on the Italian front in 1918 and ever afterwards encouraged fantasies about his experiences there).

The fact is that Hemingway's image long ago became mythic-heroic, which has made it difficult to separate fact from fiction, the author's life from the novelist's gifts.

James Mellow confronts these problems rather well. His approach is eminently sensible. He refuses to make too much fuss about the trauma of the baby Ernest being dressed as a girl or his later vendetta

against his mother; he suggests that the 1918 affair with the older nurse Agnes von Kurowsky was not so steamy, so intense, even so consummated, as would later appear in *A Farewell to Arms*; he adds proportion to the story of first wife Hadley losing her husband's manuscript; he analyses Hemingway's Republican allegiances in the Spanish Civil War; he is particularly well-balanced about the 1918 episode which has so exercised recent biographers - yes, Hemingway's wounding was ridiculously dramatized, with his own help, but "it does not annul the fact that Hemingway in Italy had narrowly escaped death... Commonsense argues that the ordeal had an effect on his life... The confrontation of death proved to be one of his most vital and obsessive themes."

A LIFE WITHOUT CONSEQUENCES
by James R Mellow
Hodder & Stoughton £25, 704 pages

Mellow is good on the early days in Michigan, which were to produce the wonderful Nick Adams stories. Indeed, he is generally good on the books, especially the earlier ones - he has a better sense than most biographers and critics of the difficulty of writing good fiction. His judgments are sound: he signals out *A Farewell to Arms* and *The Snows of Kilimanjaro* as the great masterpieces, and he explains why. He is savage about the seductive *A Moveable Feast* in which Hemingway looked back on happy pre-war days with Hadley in Paris - "an old man's romantic idyll and a vengeful summing-up".

The thesis - and here we nudge up against the problem - is that "Nothing in Hemingway's life, before or after, would match the importance of the years that were centered in Paris [i.e. much of the 1920s]. It would not be too much to say that Paris changed Hemingway's life as a writer - for better and worse, and significantly in both cases." After Paris, "whether intentionally or unconsciously, Hemingway set about creating a new persona..." It seems to be implied that this was the point when the rot set in. What we are not told, and what is still very hard to understand, is why Hemingway developed that new persona - if indeed it was new.

At this point in an engrossing but overlong book the reader begins to understand that its structure is seriously askew. The balance is wrong: one-half of this biography is consumed with the first 27 years, there is far too much detail about the Paris period, and the later career is abbreviated to a degree which seriously damages the value of what Mr Mellow has been attempting.

Only in the closing "Acknowledgments" does he explain that this is the final volume in his trilogy about the Paris Movement - "a cultural revolution unequalled in its wide-reaching effects on Western culture except by the Italian Renaissance..." (That is surely a touch strong.) Mellow locates Hemingway at the heart of this pre-war revolution and is at his best in his detail of Stein, Pound, Fitzgerald, Anderson and all that gallop. He chooses to view Hemingway as a "continental" novelist. He is inadequately interested in what happened thereafter. Which seems a pity.

Philosopher on self-destruct

CONTEMPORARY French philosophers used to be banned from the Cambridge University syllabus on the grounds that they were "literary", therefore bogus and faintly unhygienic. The career of Michel Foucault, who died in 1984 having succeeded Jean-Paul Sartre as the arbiter of French intellectual *haute couture*, explains why.

For Foucault used philosophy to take the cult of the self to the limit: it was the self-immolating programme of a tortured personality which left behind a strange corpus of studied exaggerations and baffling arguments.

"I do not say things because I think them," he once explained. "I say them rather with the aim of self-destruction, so that I will not have to think them any more." Even allowing for his irony and the lack of context, the remark suggests that for Foucault philosophy was, after all, a form of defecation.

Philosophy, like science, is conventionally supposed to be the study of universals. How, then, should a biographer treat the life of a thinker who says his life is part of his work and that his work is "to become someone other?"

David Macey, an English writer, has taken the traditional route and has produced a heavily-researched, conscientious narrative which will appeal, I guess, only to campus-bound Foucault-followers. The James Miller work is something else altogether. Miller, an American academic, has taken up the challenge of writing Foucault's life in terms of the subject himself decreed - as a kind of artistic creation. But to say "artistic creation"

gives the wrong impression. Miller is not engaged on a cheerful, uplifting enterprise.

From the first pages describing Foucault's death from Aids it is obvious that this is going to be the pathology of a homosexual, sado-masochist intellectual. No doubt the philosopher's disciples will howl at the desecration of their idol. But Foucault was an iconoclast and Miller is entitled to wield the hammer.

He describes a brilliant but psychologically disturbed schoolboy from Poitiers who went through the claustrophobic regime of the Ecole Normale Supérieure shunned by his fellows and burning with ambition. The suggestive traumas of Foucault's childhood, fictionally recounted by his lover Hervé Guibert after the philosopher's death, could have been presented in evidence here. But Miller keeps them to the end, a token of his even-handedness.

Foucault was obsessed with erotic pleasure which in his last years he indulged in the gay bath-houses of San Francisco. He praised suicide, regarded death as the final rapture and sado-masochism (the curious reader will learn from Miller all he ever wants to know about S/M) as a benign, ecstatic "limit-experience" beyond the

bounds of mere sex.

There is something heroic as well as revolting about Foucault's extremism. He could be self-effacing, at least after he had achieved fashionable fame with *Les Mots et les Choses* in 1966, and witty about his uncomprehending audience. Anonymity was the best way of getting an intelligent reaction, he once said, and he called his best-seller "the most tiresome book I ever wrote". Yet there

THE PASSION OF MICHEL FOUCAULT
by James Miller
HarperCollins £18, 490 pages

THE LIVES OF MICHEL FOUCAULT
by David Macey
Hutchinson £20, 600 pages

was a touch of the Herostratus about this philosopher who crawled round the temple of knowledge laying packets of gelignite against the pillars.

Foucault's philosophical godfather was Kant, but his inspiration derived from de Saade, Nietzsche and Heidegger. He was an extreme relativist who said madness and sexuality were modern

inventions, that prisoners should be released, that rape was equivalent to a punch in the face, that morality was a form of terrorism.

One critic compared his 1966 book to *Mein Kampf*. Others applauded his literary verve but denounced his economy with the facts. Chomsky, the American linguistics guru, described him as an alien from another planet. "He struck me as completely amoral". Yet his arguments have been influential. Germany's leading philosopher, Jürgen Habermas, was surprised to find how serious he was; "I mean, he was a philosopher", he said after meeting him.

As he grew older, the philosopher "came out", in more senses than one. Miller's exegesis, so damaging to begin with, unveils a kinder, calmer, more impressive personality. Foucault turned to the early church fathers and the ancient Greeks to extol asceticism even while plundering his own body for pleasure. He developed friendships and an almost Socratic benignity. Perhaps he was seeking redemption after all.

Do we need people like Foucault? We probably do. He was a red hot poker plunged into the cool, complacent stream of our rationalist thought-system. Perhaps he will prove more important than that. But I doubt it.

Miller's provocative, occasionally disgusting, and compelling portrait will be as much as most of us ever want or need to know about Michel Foucault. It may not be a perfect likeness. But then Foucault should be the last to complain.

Christian Tyler

Diary of a French civil servant

David Marsh questions the memory of President Mitterrand's right-hand man

PRECISION, shrewdness, ability to concentrate on essentials: one would expect to see a combination of all these characteristics in a top civil servant. The same attributes, coupled with a head for figures, might be found in a president of an international development bank. And they would surely be necessary qualifications for a writer who attempts to explain a tortuous period in European history.

When Jacques Attali, former senior adviser to President Francois Mitterrand, now president of the European Bank for Reconstruction and Development (EBRD), publishes a diary of the first five years (1981-86) of the Mitterrand era, the reader might, therefore, expect a feast of insight.

There is, indeed, plenty of information, spread over 906 pages. We read transcripts from summit meetings, blow-by-blow tales of Elysee Palace infighting, and President Mitterrand's views on life, death and Margaret Thatcher. The president is always strikingly well-informed about world affairs. Ronald Reagan, for instance, tells Mr Mitterrand in a letter on March 23 1983 about the strategic defence initiative ("Star Wars") programme. Mr Attali neglects to say that Mr Reagan also let a few million others into the secret in a class by itself, for three reasons. First, the book is foolishly pretentious. Mr Attali, who for a decade guarded the entrance to the president's office, writes in the preface that he saw

which Mr Attali has sipped (and taken notes) is often disappointingly thin. Where Mr Attali shows precision, his procession of details tends to ramble. And where he seeks to demonstrate shrewdness, the effect is undermined by question marks over whether he has got his facts right.

The most interesting parts of the book have much relevance to current French events: the tale of 1982-83 wran-

VERBATIM
by Jacques Attali
Fayard, 918 pages

gling in the Socialist party over the government's battle to keep the franc in the European Monetary System. In other areas, however, there are far too many misspellings of foreigners' names, especially Germans.

It is not unusual for a senior functionary to bring out an inside view of the bastions of power. In 1991, Horst Teltschik, Mr Attali's opposite number in the Bonn chancellery's office, published a day-by-day account of the scramble towards German reunification. Mr Attali's *Verbatim*, however, is in a class by itself, for three reasons.

First, the book is foolishly pretentious. Mr Attali, who for a decade guarded the entrance to the president's office, writes in the preface that he saw

it as his "duty" to print a historical record of Mr Mitterrand's actions. A sequel is in store: this is just Volume One. Mr Attali gives his personal guarantee of accuracy. "I was the only person to hear many of the remarks which I relate here, and my word thus stands alone against all denials." Curiously enough, within a few days of the book's release, four former French ministers queried different parts of Mr Attali's account.

The second lacuna applies to Mr Mitterrand. Intriguingly, though perhaps understandably, Mr Attali avoids fleshing out his portrayal with the detail that would enable readers to penetrate the presidential mask. Mr Mitterrand is quoted in abundance, always on matters on which he is wholly right.

Mr Mitterrand's powers of prediction were on display back in 1981, when, according to Mr Attali, he told Chancellor Helmut Schmidt that the Soviet Union would collapse before 1996. When the Soviet empire actually started to tumble, between 1989 and 1991, Mr Mitterrand seemed curiously taken by surprise. That was, presumably, simply an example of the wild old fox trying to throw observers off the scent.

Mr Attali has caused a stir by including some opaque Mitterrand reflections delivered to the author and Nobel prize winner Mr Elie Wiesel, who complains he was reserving them for

his own book. With artistic licence, Mr Attali records the remarks as being made several years before they were uttered, on the grounds that they related to matters on which the president does not change his mind.

Mr Mitterrand is asked, for instance, about his boyhood: in passages of endless variety, he describes how he was a lonely youngster who liked country walks. With promising material like this to work on, it is small wonder Mr Wiesel's own book has been a long time in the making.

The third reason why Mr Attali's tome is remarkable relates to the author's present functions. Civil servants who write memoirs - generally do so after retiring from public office. Mr Attali's account appears while he is halfway through a four-year term as head of an international bank funded by taxpayers.

Civil servants are not journalists. Mr Attali's eagerness to lift the lid on life in the fast stream can hardly increase anyone's desire to tell him anything in confidence. Does Jacques still take his jolter whenever he jets off to Azerbaijan, ready eventually to reveal the inside story of his struggles on the eastern front? At least, if further *Verbatims* are in the making, we can rely on Mr Attali one day to tell us what really happened in the EBRD audit committee.

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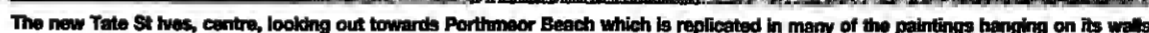
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Brian Wenham revels in some racy ruderies

CULTURE OF COMPLAINT: THE FRAYING OF AMERICA
by Robert Hughes
Oxford £12.95, 203 pages

The appetite is whetted for a new Hughes television series, *American Visions*, expected in a year or two. Meantime, we can revel in the racy ruderies of this book.

The Tate St Ives is such an obvious good thing. It enables the Tate to show more of its generous holding of the art of the first, post-1925, St Ives school, of Ben Nicholson, Barbara Hepworth, Christopher Wood and Naum Gabo, plus the second post-war generation of Patrick Heron, Peter Lanyon, Terry Frost, Roger Hilton and more. Within three years,



Antony Thorncroft visits the gallery's latest offshoot in St Ives

Liverpool still absorbs around £300,000 from his annual grants. With his mind fixed on the new Tate Gallery of Modern Art in London, Serota does not want a debilitating drain on his limited funds or time. On the other hand any opportunity to air works from the 80 per cent of the Tate's stock that languishes in store is obviously a good thing.

The Tate St Ives has gone through with amazing speed and few setbacks. It brings timely attention to perhaps the last regional school of British art to have an international impact. It gives Establishment blessing to a thriving community of artists working in a deprived region. Plans for a new residence are well advanced. There will be busy educational programmes. St Ives will not act as a model but as an example. Already the local arts lobby in Norwich is talking to the Tate about a similar link, although this time in the existing Norwich museum. And if anyone ever needed an excuse to visit St Ives, here is one that would satisfy the most demanding traveller.

Fiction

**PADDY CLARKE HA
HA HA
by Roddy Doyle**
*Secker & Warburg £12.99, 282
pages*

surmount the shabbiness of their context. Despite the social and intellectual deprivation, they inhabit an attractive, vigorous world, where poverty is eclipsed by a fecund, rollicking, communal humanity.

With Paddy Clarke Ha Ha

Ha Doyle starts inside the head of Barrytown's underclass, but the world has become much darker, fiercer, fragmented. Rather than finding comfort inside his community or breaking out of it into a wider world, he finds himself trapped in a limited, claustrophobic space, fixated on discovering the inadequacies of his context without being able to either fight or accept them. Ha becomes estranged, breaching one of his society's taboos - fighting well but dirty - and his defiance in his consequent isolation rings hollow.

In other words, there is much less *Roddy Doyle* ho no how; much more *Krapp's Last Tape*. What we have is a novelist of considerable power who knows he can turn on the tricks and make us smile wryly

or hoot with laughter, but who delves instead into something more profound – the creation of an individual's moral self. In making the novel sound so didactic, it isn't surprising the laughter died away in *The Snapper* a background vitality ebbed back into the picture. In *Paddy Clarke*, each time the smiling stops the heart is left a fraction more frozen over.

Doyle has not been universally adored in his home city. His characters use what conventional society regards as foul language. Their world is dominated by the pub, music, football, TV and sex – hardly the kind of thing a successful literary Dublin society wish to have their city associated with.

They should be much more seriously offended by *Paddy Clarke*, a novel with much less swearing and hardly any references to sex. On the basis of this, Doyle is setting out to explore themes much more subversive than bad language. *Paddy Clarke* shows Doyle's ability to deliver crushing judgments on the shortcomings of human society. Like Joyce to be above, beyond, absent from the novel, parsing his fingernails; but only with *amused* indifference.

SING THE BODY

ELECTRIC
by Adam Lively
Chatto & Windus £15.99, 440 pages

THE WEATHER IN ICELAND
by David Profumo
Picador £12.99, 310 pages

Crooked Timber of Humanity. Clearwater's letters dispel the thin drops of sympathy; he shows himself to be pompous, overweening and pretentious, and possessing an unbelievably precious and thoroughly reactionary view of his calling.

Of course that is partly Live-ly's point. But it is a bold, not to say foolhardy ambition to begin a major novel with more than 120 pages that flesh out a portrait of a thoroughly disagreeable main character. Yet when the mode changes and Live-ly lets his own writing seep through there is never quite the gust of fresh air the book so badly needs. He chron-

ideas Clearwater's love affair, and when the novel dips into SF comes up with the invention of the Neuroarch, which allows the brain's electrical impulses to be synthesised as sound. It becomes the rage of New Venice, Clearwater enthusiastically embraces it and finds his creativity cruelly, terminally stifled.

Not before time, the reader might think. For a novel and a novelist so keen to say something about music and the act of musical creation, *The Echoes* is so woefully short on insight. The clichés begin with the title and barely let up; in moving forward almost 100 years musical evolution seems to have stepped back 200 - Clearwater's Big Idea is to write a Sea Symphony. There is not a attempt to imagine what the next century might think of ours in musical terms; no success either in making Clearwater or any other character into thinking, feeling beings.

The Weather in Iceland also takes place in the future, though David Profumo's tale of

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ses is that only new writers in 1959 Britain have not been taken over by a military junta and a disenfranchised aristocrat. Richard Slide, Duke of London, has been exiled to Switzerland, from whence he can look back on his family's history with ironic detachment. There are some painful picaresque sketches, some boldly imagined setpieces, but nothing to give Profumo's tale relevance or point, nothing to make the reader care for Slide's lost world; unless, presumably, one shares his world of privilege and nostalgia and feels a pang at its theological passing.

Andrew Clements

Squeezing the dancing classes

WHEN THE number two minister at the Department of National Heritage admits to taking the artistic views of MP Terry Dicks "extremely seriously" the arts world should start to tremble. Dicks is the professional "boover" boy of the arts in the House of Commons who likes nothing more than roughing up subsidised ballet dancers, actors, artists and the like.

That Iain Sproat, the ferocious right winger who was a surprise choice at the recent reshuffle to bolster Peter Brooke at Heritage, should

With a weak minister, a monetarist number two and a philistine crew at the Treasury the only hope for the arts is direct contact with the Prime Minister

agree this week that most people think the £235m a year spent on the Arts Council would be better invested in three new hospitals, seems like a good argument to the enemy without a fight.

It suggests that the arts are in target to do very badly out of the intense Treasury examination of public expenditure. Already the Arts Council is set to receive £5m less in 1994-95, its first ever reduction in grant; suddenly it seems to face even greater surgery which would trigger off wholesale cutbacks and closures among its clients. And the Arts Council is not making things easier by choosing this moment to finally get around to selecting winners and losers among arts organisations, giving more to contemporary dance and the visual arts, and less to regional theatres.

In the event, when it announces its plans next month, the Council's hit list is likely to be thin. Only a handful of companies will be penal-

used, one or two losing all their subsidy, a few more suffering a reduction. The excuse will be that they are just not up to standard. Less than £1m will be released to bolster dance and art.

At the same time the Council will announce a much longer list of companies that will suffer if the government goes ahead with the planned 25m cut in its budget. The hope is that this will cause such an outcry that the government will have second thoughts.

It is a nice idea, but with a weak minister, a monetarist number two, and a philistine

**a monetarist number
crew at the Treasury
arts is direct contact
me Minister**

crew at the treasury, the only hope for the arts is direct contact with the Prime Minister, who is thought to have a soft spot for the argument that, as well as being a good investment, a flourishing arts scene is a sign of a nation at ease with itself.

At every level the arts world is out to lobby John Major. Corporate sponsors of the arts are keen to play their part, making it clear this week that they will not make good any shortfall in subsidy. With the government aware of how new money drained for the arts and the heritage from the Lottery in early 1995, it may feel that it can withstand a separate of closure and outrage stories, even though the promise was that the Lottery was to be an extra, not an alternative, to government aid.

★
Lobbying by the arts to preserve funding has begun already. As ever, the warm hearted Philip Hedley of the Theatre Royal, Stratford East,

was first into the field, chairing a gathering at the National Theatre this week which was alerted to the pitiful state of Theatre-in-Education.

The capping of councils has forced many local authorities to cut spending on this area – the most dramatic casualty, Harlow Theatretrav, has lost its entire £146,000 grant – but in all 23 companies that bring play acting into schools are under threat. The campaign wants the DNH to cough up £1m to keep alive this first experience of theatre for most children.

An even more necessary

hied to convince Education Secretary John Patten that discretionary grants for dance and drama students should be made mandatory. Once again it is reductions in local authority spending which have persuaded both the central and the local councils in the country to axe such grants. In 1992 the number of accepted students who were forced to turn down places because they failed to receive sufficient grants rose by 75 per cent in drama, and 100 per cent in dance. In all, around 40 per cent of students offered places this year were unable to take them up.

The experience of the London Contemporary Dance School is typical. It has just launched a £100,000 appeal to raise money for scholarships. This year, of the 85 students it has accepted for the new intake in September, just 21 are British, a third of the usual number. Even some of the British students who have accepted a place will be forced to drop out before, or during, their course because of lack of funding. It means that our dance schools are dominated by overseas students and our drama schools by middle class students, financially supported by their parents.

It is unclear that geography

should determine who will become a professional dancer or actor. It is also unfair that art and music students are protected with mandatory grants, art students because they are seen as part of the craft and design industry, music because Ted Heath willed it so when he was in power. Dance and drama needs an equally powerful supporter today.

Most unfortunate of all is the fact that these two campaigns which are trying to make good earlier cuts in funding, will be overtaken by the campaigns likely to start in the next few months to counter even more dramatic reductions in spending.

★
One alarmed group in the art world is adopting a softly softly approach. In its review of the workings of the Arts Council, consultants Price Waterhouse suggested that the touring department should be

Strain Tears on the Terrace
Home in the Bay
 by **John J. Farnham**

closed down, its functions spread around the specialist art forms with the aim of eventually privatising its role. This would mean 12 jobs although, of course, the Council would have to pay the outside company handling the service.

This is part of FW's Option Two, which Peter Brooke seems inclined to accept. But this means the loss of the 50 leading, receiving theatres, and the main touring dance, opera and drama companies in England expressed concern at the proposal. They think the current system, which brings a levelling of subsidised artistic standards to commercial theatres like the Palace Manchester and the Theatre Royal Nottingham, works well. Rather than make a public expression of their concern they have asked for private meetings with Peter Brooke and Arts Council chairman and Palumbo to argue their case.

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TELEVISION

SATURDAY

BBC1	BBC2	LWT	CHANNEL4	REGIONS
<p>7.05 Cheeky Pages, 7.25 News, 7.30 Piccadilly, 7.50 The All-New Poppy Show, 8.15 The Girl from Tomorrow, 8.35 Footscray and Co, 9.00 Parade 9, 10.55 Weather.</p> <p>10.55 Grandstand. Introduced by Hazel Blears. Including 11.00 Crickets: Second Test. Coverage of the third day's play between England and Australia at Lord's, 1.00 News, 1.05 Tennis: The first of the Women's International Tennis tour from Eastbourne. John Barrett and Virginia Wade comment. 1.55 Racing from Ascot: The 2.00 Ritz Club Fern Hill Stakes, 2.20 Tennis and Crickets: Further coverage from Eastbourne and Lord's, 2.25 Racing: The 2.30 Hagden Don Handicap Stakes, 2.35 Tennis and Crickets, 2.55 Racing: The 3.00 Grand and Handicap Stakes, 3.05 Crickets, 3.30 Racing: The 3.35 Stanton Comfort Maiden Stakes, 3.40 Motor: Super Round six of the British Touring Car Championships from Brands Hatch. Commentary by Murray Walker, 4.00 Crickets, 4.30 UK Open. Highlights from the second round in Balfour, New Jersey. Times may vary.</p> <p>6.15 News, 6.25 Local News and Sport, 6.30 Cartoon, 6.40 Jim'll Fix It, 6.15 The Main Event. Game show, hosted by Chris Tarrant, 7.00 The House of Fools. Fashion drama, with Louise Lombard and Cathy Murphy, 8.00 Open All Hours. Corner-shop comedy, starring Ronnie Barker and Lesley, 8.30 Birds of a Feather. Truancy is shocked by Danny's behaviour, and realises that his time in prison is finally taking its toll. Comedy, starring Linda Robson, 9.00 Weather, 9.05 Weather. It's a day of decision for the planning committee - will Sarah get her leisure centre, or Alan his recycling plant? Hugo faces a dilemma when his daughter becomes involved in a police investigation, 9.50 News and Sport, 10.00 Weather, 10.10 The Late Late Show, 10.50 Film: Basil Gaskins. An idealistic student discovers a college research project is exploiting its materials to build a secret weapon. Satirical youth comedy, starring Val Kilmer, Gabe Jorret and Michelle Meyrink (1985), 12.35 Crickets: Second Test. England v Australia. Highlights of the third day's play from Lord's, 1.15 Weather, 2.00 Close.</p>	<p>6.40 Open University, 7.00 Film: Laura. Lanning Slept Here. Comedy, starring Katharine Hepburn as a novelist who accepts her sister's challenge to spend a week in the household of an ordinary family. Before long, the forgetful calligrapher has taken over the lives of her reluctant hosts. With Karen Austin, John Floggie and Lee Richardson (TVM 1985), 7.30 Crickets: Second Test. England v Australia. Live coverage of the third day's play at Lord's, as the much-maligned England team, under the captaincy of Graham Gooch, aim to level the series against the impressive opposition. Although the England captain has contributed to play consistently, scoring a century in the opening match, the rest of the batsmen have not yet found an answer to the Australian bowling attack, headed by the powerful Mark Hughes and the crafty Shane Warne. Can the newly capped England bowler Peter Siddle who took seven wickets in the opening game, help his team?, 7.45 Scrutiny. The work of parliamentary committees, 7.50 News and Sport, 7.55 Crickets: Second Test. Metals Singer of the World. Metals winners and last Sunday introduce live coverage of the final as the last five contestants compete for the prestigious title. The victor will receive a bronze statue portraying the Welsh heretic dragon wearing a globe representing major Olympic events, £5,000 prize money and a performance engagement with the band, 8.00 UK Open. Steve Rider introduces live coverage from the third round at Balfour, New Jersey, as the in-form Richard Langer, winner of the recent PGA Championship and US Masters, leads the European contingent against an American opposition determined to ensure no overseas player claims the coveted title, 11.30 Film: The Trial. Orson Welles' adaptation of Franz Kafka's classic novel about an anonymous man arrested by a mysterious authority and put on trial for an offence which is never revealed to him, and, as the judge, starring Anthony Perkins, Jeanne Moreau, Romy Schneider and Alan Marshall (1963), 1.30 Close.</p>	<p>6.00 GMTV, 6.25 News, 5.15 The ITV Chart Show, 12.30 pm Movie, Movie, Movie, 1.00 ITN News, 1.05 London Today, 1.10 Rugby: The Lion Tour. Highlights from the British Lions' matches against Taranaki and Auckland, 2.30 Wanted, Dead or Alive. John accepts a challenge to catch Santa (1984), 3.00 The A-Team. The team helps a troubled fire chief who is about to lose her job, 3.45 WW Worldwide Wrestling. Action from the Christmas special, 3.55 ITN News, 4.00 London Today and Sport, 4.10 MacGyver. The ace investigator and Jack Dalton find an abandoned baby and begin the search for the child's mother - plus a ruthless gang of counterfeiters, Richard Dean Anderson and Bruce McCull star, 6.00 Beadle's About. Frankie gallops with the TV Joke, 6.30 Stars in Their Eyes. Matthew Kelly introduces a singing popstar, 7.00 US Cup '93 Soccer. Germany: England v Germany. Live action from the Pontiac Silverdome in Detroit. Introduced by Matthew Longoria, with commentary by the excellent Brian Moore and analysts by Ron Atkinson, the Aston Villa manager, who has broken soccer professional's code of silence and critiqued the play and tactics of the England team during some recent disasters, 8.00 The Bill. Po Quinlan goes undercover to investigate a string of thefts. His inquiries go well and he gains the trust of a member of the suspected gang - until fellow officers Page and Jarvis intervene, 9.30 Film: The Prince of Palestine. The woman mayor of a rough south-western town is labelled by a deadly serial killer when she publicly attacks his horrific crime. Thriller, starring Victoria Principal, Ted Wass and Ralph Waite (TVM 1985), 11.15 ITN News, 11.20 London Weather, 11.30 The Good Star Guide. Tongue-in-cheek documentary, 12.05 2nd Club, 1.05 The Big E, 2.00 Get Stuffed, ITN News Headlines, 2.05 Bandstand, 3.00 New Music, ITN News Headlines, 4.00 Coach, 4.35 SP4, Nightshift.</p>	<p>6.00 Early Morning, 10.00 Travel World Sport, 11.50 Good Morning, 12.00 Sign On, 12.30 pm Kissin' Kissin' Kissin', 1.00 Film: The Proud and Profane. World War Two romance. Deborah Kerr plays a war widow who falls for a hard-bitten Marine colonel serving in the Pacific. With Thelma Ritter and Dewey Martin (1955), 3.00 Film: The New from the West. Western, starring Glenn Ford as a brutal American Civil War veteran who becomes a tyrannical judge. With William Holden, Ellen Drew and Ray Collins (1948), 4.50 The Mysterious Tadpole. Animation, 6.30 Right to Reply. Viewers' reports about TV, 7.00 Asbestos. Belfast Games. Britain's leading athletes, including 300m runner John Regis, sprint hurdler Tony Jemmit and High Jumper Steve Smith, gather for this important international meeting. Introduced by Mark Robson, with commentary by Alan Pardy, Peter Matthews and Steve Overt, 8.00 Games of Champions. A profile of celebrated Latvian film-maker Juris Podnieks, who died in a diving accident in 1982. His work still serves as both a tribute to the strength of Latvia and its people, and a record of the re-birth of Russia, 9.00 The Belvedere Connection. Trevor and Jill visit the seaside in an old-fashioned car. Peter and Jean, the search for Hobson's missing hockey stick goes on. Last programme in series of Alan Plater's comedy trilogy, starring James Bolam and Barbara Flynn. Shown previously on ITV, 10.00 Drop the Dead Donkey. George is aghast when Joy takes an innocent remark a little too literally. News-stand comedy, starring Nigel Lacey, Jeff Rawle and Susanann Doyle. Repeat, 10.30 Film: Volare. Volare. Romantic fantasy comedy about a shy sound engineer whose love life takes an unexpected turn when he suddenly changes into a cartoon character. Starring Maurizio Michetti and Angela Finocchiaro. Part of the Cinema Games session (1991) (English subtitles), 12.30 Evening Show, 12.55 Poor Man's Orange, 1.05 Close.</p>	<p>ITV REGIONS ARE LONDON EXCEPT AT THE FOLLOWING TIMES: ANGLIA: 1.00 Anglia News, 2.30 Weather, 3.00 World's Sports of the Week Legend, 10.00 Anglia News and Sport, 6.15 Baywatch, 11.30 Anglia Weather. BORDER: 1.05 Border News, 2.30 Nigel Marshall's IndyCar '93, 3.00 Spanish Goals Extra, 3.30 Superstars of Wrestling, 6.00 Border News and Weather. CENTRAL: 1.05 Central News, 2.30 Nigel Marshall's IndyCar '93, 3.00 The Munsters Today, 5.00 Central News, 11.30 Local Weather. CHANNELS: 12.30 The Munsters Today, 1.05 Channel Diary, 2.30 Nigel Marshall's IndyCar '93, 3.00 Isle of Man TT '93, 5.00 Channel News, 6.05 Puffin's Playhouse. GRAMPAN: 1.30 Tellus, 1.05 Grampian Headline, 2.30 Man, Movie, Music, 3.00 Puffin News, 3.30 Adventure, 3.50 Tennis, 4.00 Grampian, 5.00 Grampian, 5.30 Grampian, 5.50 Grampian, 6.00 Grampian, 6.15 Grampian, 6.30 Grampian, 6.45 Grampian, 6.55 Grampian, 7.00 Grampian, 7.15 Grampian, 7.30 Grampian, 7.45 Grampian, 7.55 Grampian, 8.00 Grampian, 8.15 Grampian, 8.30 Grampian, 8.45 Grampian, 8.55 Grampian, 9.00 Grampian, 9.15 Grampian, 9.30 Grampian, 9.45 Grampian, 9.55 Grampian, 10.00 Grampian, 10.15 Grampian, 10.30 Grampian, 10.45 Grampian, 10.55 Grampian, 11.00 Grampian, 11.15 Grampian, 11.30 Grampian, 11.45 Grampian, 11.55 Grampian, 12.00 Grampian, 12.15 Grampian, 12.30 Grampian, 12.45 Grampian, 12.55 Grampian, 1.00 Grampian, 1.15 Grampian, 1.30 Grampian, 1.45 Grampian, 1.55 Grampian, 2.00 Grampian, 2.15 Grampian, 2.30 Grampian, 2.45 Grampian, 2.55 Grampian, 3.00 Grampian, 3.15 Grampian, 3.30 Grampian</p>

SUNDAY

BBC1	BBC2	LWT	CHANNEL-4	REGIONS
<p>7.00 <i>Confess</i> pages. 7.30 <i>Wiz bang</i>. 7.40 <i>Charlie chills</i>. 7.55 <i>Playdays</i>. 8.15 <i>Broadcast with front</i>. 8.15 <i>In touch with healing</i>. 8.30 <i>This is the day</i>. 18.00 <i>Go! host</i> 18.00 <i>Italianissimo</i>. 18.45 <i>Minute words</i>.</p> <p>10.05 <i>Cricket</i>: second test. England v Australia. Coverage of the fourth day.</p> <p>12.30 <i>Countryfile</i>.</p> <p>12.55 <i>Weather for the week ahead</i>. 1.40 <i>News</i>.</p> <p>1.03 <i>On the record</i>. Political review, with Jonathan denby.</p> <p>2.00 <i>Senders</i>.</p> <p>3.00 <i>Film</i>: <i>Colombic</i>: about fate. The shambling detective investigates a deadly case when an exploding cigar claims an unsuspecting victim. Starring Peter Faiman.</p> <p>4.15 <i>Biblewatch</i>. Viewers tackle bbc programme-makers. With sue highway. <i>Gardeners'</i> world live. Highlights from Birmingham's noc.</p> <p>5.25 <i>Musicalised</i>.</p> <p>6.10 <i>News</i>.</p> <p>6.25 <i>Sweet Inspiration</i>. Emma Nicholson, MP for Devon West and Torridge, selects her favourite hymns. <i>Passport</i> too. Two couples undertake a series of adventures and physical challenges to win a holiday in Hong Kong. Tasks include the simulated landing of a 747, making shirts, and providing the sound effects for a <i>Kung Fu</i> film. Hosted by Anna Rita.</p> <p>7.50 <i>Film</i>: <i>Perry Mason: The Case of the Deftant Daughter</i>. The crusading attorney (Raymond Burr) helps a girl whose father is innocent when he is framed for murder (1950).</p> <p>9.20 <i>News</i>. <i>Weather</i>.</p> <p>9.35 <i>Lady Chatterley</i>. Connie becomes increasingly alienated from her husband, and decides to escape by visiting her father's seaside retreat. But will the temptation to spend one last night with Moore prove impossible to resist? Starring Josely Richardson. Sean Bean and James Wilby.</p> <p>10.30 <i>Heart of the Matter</i>. Are New Age travellers inclined to camp on other people's property? Join the weekenders and residents who support government plans to eliminate this way of life.</p> <p>11.15 <i>Making Time</i>. How to cope with family life and work.</p> <p>11.45 <i>Goodbye to the Year</i>.</p> <p>12.05 <i>Cricket</i>: Second Test. England v Australia. Highlights of the fourth day's play.</p> <p>12.45 <i>Weather</i>.</p> <p>12.50 <i>News</i>.</p>	<p>6.15 <i>Open University</i>. 6.10 <i>Thundercats</i>. 6.30 <i>Jonny Briggs</i>. 6.50 <i>The Movie Game</i>. 10.10 <i>Pugnuts</i>. 10.40 <i>Grange Hill</i>. 11.10 <i>Black Peter</i>. 10.15. 11.50 <i>The O Zone</i>. 12.00 <i>Around Westminster</i>.</p> <p>12.30 <i>Sunday Grandstand</i>. Introduced by Hazel Irvine. Including 12.35 <i>Cricket</i>: Second Test. Coverage of England v Australia in the fourth day's play from Lord's. Richie Bernard, Jack Bannister, Ray Ilford and Geoff Boycott commentate. 1.00 <i>Football</i> and <i>Go! Torino v AS Roma</i> in the second leg of the UEFA Cup. <i>Highlights</i> and <i>Highlights of the third round</i> in the US Open from Baltusard, New Jersey. 1.40 <i>Cricket</i>: Further coverage. 3.40 <i>Tenants</i>: Preview of tomorrow's opening Winton tennis matches. 4.00 <i>Cricket</i>. 6.00 <i>Tennis</i>.</p> <p>6.30 <i>Late Again</i> Italian Special. Kirsty Wark presents highlights of last week's programmes, focusing on how recent events could be political upheaval and Mafia killings have affected Italian culture.</p> <p>7.00 <i>The Money Programme</i>. A look at government plans to raise more than a billion pounds worth of Civil Service contracts to the private sector. Although this scheme was designed to make huge savings, it is now hanging in the balance as new EC laws to protect workers' rights.</p> <p>7.40 <i>The Kirov Ballet</i>. Four dances performed by the Russian troupe at the Coliseum, which reflect the long history of the company and its residence at the Maryinsky Theatre, St Petersburg. Roles danced by Almyr Geymanov, Yelena Geymanova and Konstantin Zaslavsky are La Coraire, the pas de deux that ensnared Rudolf Nureyev's success in the West. Mariyetta, Les Sphynxes, and the advertisement from Piccadilly. Introduced by Roy McKendree, principal of the Royal Ballet.</p> <p>8.10 <i>Go! US Open</i>. Steve Rider introduces coverage of the first round from Baltusard, New Jersey. Last year's winner Tom Kitz hopes to repeat his success, but the strong European contingent led by Bernhard Langer and Greg Norman is in his way - whose name will add the trophy at the end of the competition? Commentary by Peter Alliss, Bruce Critchley and Dave Marr.</p> <p>11.10 <i>MovieMania</i>. Alex Cox introduces a cult film.</p> <p>11.15 <i>Film</i>: <i>The Hill</i>. Drama set in a British military prison camp in Africa during World War Two. Starring Ian Connery and Harry Andrews (1965).</p> <p>1.20 <i>Close</i>.</p>	<p>6.00 <i>GMTV</i>. 6.25 <i>Held</i>. 6.50 <i>The New Adventures of Black Beauty</i>. 10.20 <i>The Littlest Hobo</i>. 10.45 <i>Link</i>. 11.00 <i>Morning Worship</i>. 12.00 <i>Drive In</i>. 10.45. 12.00 <i>pm</i> <i>Cosplay</i>: London <i>Weather</i>.</p> <p>11.00 <i>ITN News</i>. <i>Weather</i>.</p> <p>1.10 <i>Sunday Supplement</i>. Independent on Sunday editor Ian Jack joins <i>Adrian Curnie</i> to review the news.</p> <p>2.00 <i>Highway</i>. Harry Scrimgeour visits Worcester.</p> <p>2.30 <i>Carbon Taxes</i>.</p> <p>2.45 <i>Film</i>: <i>Pope in the Southwest</i>. Chelcie's sister Orla. Pope Longstocking fights to save her ship from a deadly pirate, tiger. Nigel Nissen stars (1989).</p> <p>4.35 <i>Highway to Heaven</i>. Jonathan Sontag's another angel on a film set.</p> <p>5.30 <i>The \$40,000 Question</i>. Bob Monckhouse hosts the quiz.</p> <p>6.00 <i>London Tonight</i>. <i>Weather</i>.</p> <p>6.30 <i>ITN News</i>. <i>Weather</i>.</p> <p>6.30 <i>Watching</i>.</p> <p>7.00 <i>Surprise</i>. <i>Surprise</i>. With darts player Eric Shrover, Carol Vorderman and Brian Baxter.</p> <p>8.00 <i>Heart to Heart</i>. The fun and visits Aldersfield and PC Nick Rowan finds himself investigating an international art theft - and searching for a missing daughter. Linked to the first of the drama series set in the Yorkshire Dales, starring Nick Barry, Nanni Cusack, Derek Powdell and Frank Middlemass.</p> <p>9.00 <i>James and Mosley</i>. Would-be politicians, a kangaroo, two brides-to-be and a missing book threaten to create problems for hapless playboy Bertie Wooster - unless the ever-loyal Jeeves can come to the rescue. Last programme in the series, starring Stephen Fry, Hugh Laurie and Robert Dines.</p> <p>10.00 <i>Legend and Lore</i>. With comedian Victoria Wood and singer-songwriter Kate Bush.</p> <p>10.45 <i>Spitting Image</i>. Latex lampoonery.</p> <p>11.15 <i>ITN News</i>. <i>Weather</i>.</p> <p>11.30 <i>News</i>. <i>Weather</i>. New Jersey. Last year's winner Tom Kitz hopes to repeat his success, but the strong European contingent led by Bernhard Langer and Greg Norman is in his way - whose name will add the trophy at the end of the competition? Commentary by Peter Alliss, Bruce Critchley and Dave Marr.</p> <p>11.10 <i>MovieMania</i>. Alex Cox introduces a cult film.</p> <p>11.15 <i>Film</i>: <i>The Hill</i>. Drama set in a British military prison camp in Africa during World War Two. Starring Ian Connery and Harry Andrews (1965).</p> <p>1.20 <i>Close</i>.</p>	<p>6.00 <i>Early Morning</i>. 6.30 <i>Dennis</i>. 6.45 <i>Flipper</i>. 10.15 <i>The Lone Ranger</i>. 10.45 <i>Land of the Giants</i>. 11.45 <i>Little House on the Prairie</i>. 12.45 <i>pm</i> <i>A Tribute to Alastair Sim</i>.</p> <p>1.15 <i>Film</i>: <i>The Green Man</i>. Alastair Sim plays a professional assassin assigned to murder a powerful politician. Comedy, with George Cole (1956).</p> <p>2.40 <i>Garrett the Elephant God</i>. The Indian elephant's contrasting roles as deity and beast of burden.</p> <p>3.40 <i>Belated</i>. The Thin Men. Cuban animation.</p> <p>3.50 <i>Orchestra</i>. The role of violins and violas in the orchestra.</p> <p>4.35 <i>The Christians</i>.</p> <p>5.30 <i>News</i>. <i>Surprise</i>.</p> <p>6.30 <i>The Next Big Thing</i>.</p> <p>7.00 <i>The Real World</i>. Fly-on-the-wall documentary about a group of young people sharing a New York flat. The TV concept is banned.</p> <p>6.30 <i>Press Gang</i>. As Sarah prepares to leave for university, she recalls how she and Lynda first met.</p> <p>7.00 <i>Send Away With Me</i>. Profile of Anne Arden. The first of a series of today's most original comedies.</p> <p>8.00 <i>The Long Summer</i>. Alan Bennett conducts the series about the 1940s.</p> <p>8.30 <i>News</i>. <i>Weather</i>. <i>World War One</i> with a look at the writers, film-makers and photographers who charted the country's path, from unemployment in the 1930s to the present.</p> <p>8.30 <i>Frontline</i>. Personal reports, beginning with a woman's return to South Africa, where as a 13-year-old she was the assassin of her father, a leading white opponent of apartheid. Fifteen years on, she tries to find his killers - and asks whether South Africa can achieve democracy once more to terms with its violent past.</p> <p>9.00 <i>Film</i>: <i>The Lady in White</i>. A young boy has a vision of a little girl's murder, and sets out to solve the crime. Supernatural chiller, starring Lukas Haas (1995).</p> <p>11.00 <i>First Step</i>. Magazine for women, looking at female film directors and female in the media.</p> <p>12.05 <i>Film</i>: <i>Wall of Glass</i>. Philip Bosco stars as a would-be actor struggling to make a living as a New York cab driver. Drama, with Geraldine Page (1955).</p> <p>1.40 <i>Film</i>: <i>Criminal Code</i>. A man imprisoned for murder anticipates a warren when he releases a man who was the killer of a fellow convict. Melodrama, starring Philip Holmes (1981).</p> <p>3.30 <i>The Shortest Night</i>.</p>	<p>ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:</p> <p>8.00 <i>Send Away With Me</i>. A New Generation. 10.00 <i>Bugs Bunny</i>. 12.30 <i>Land of the Giants</i>. 12.45 <i>Little House on the Prairie</i>. 12.45 <i>pm</i> <i>A Tribute to Alastair Sim</i>.</p> <p>8.35 <i>Carl Bears Movie It</i>. A New Generation. 10.00 <i>Bugs Bunny</i>. 12.30 <i>Land of the Giants</i>. 12.45 <i>Little House on the Prairie</i>. 12.45 <i>pm</i> <i>A Tribute to Alastair Sim</i>.</p> <p>8.35 <i>Carl Bears Movie It</i>. A New Generation. 10.00 <i>Bugs Bunny</i>. 12.30 <i>Land of the Giants</i>. 12.45 <i>Little House on the Prairie</i>. 12.45 <i>pm</i> <i>A Tribute to Alastair Sim</i>.</p> <p>8</p>

RADIO

SATURDAY

BBC RADIO 2
6.00 *Breakfast* Sturgeon.
6.45 *Radio 2 News*.
7.00.00 *Anna Robinson*.
12.00 *Heynes on Saturday*.
12.10 *Jenny's Cricket Team*.
2.00 *Rosie Firth*.
3.00 *Steve Race*.
4.00 *Top Hat - The Legacy*.
5.00 *Cinema 2*.
5.30 *New Country*.
6.00 *David Webb and Mark Radcliffe in Concert*.
7.00 *David Miller*.
7.30 *Panfare for a New World*.
8.30 *David Jacobs*.
10.00 *Arts Programme*.
10.25 *Rosie Firth*.
1.00 *John Tiltrot*.
4.00 *Barbara Sturgess*.

BBC RADIO 3
6.00 *Open University: Hopkins' Religious Poetry*. 6.15 *Weather*.
7.00 *Record Review*.
8.00.00.10 *CPE Bach, Niccolò Paganini, Richard Strauss, Prokofiev, Simon Holt, Britten*.
1.00 *News*. 1.50 *Herald and Company*.
1.35 *Top Match Special*.
1.00.00 *England v Australia from Lord's*. 6.10 *Evening Sequence*. *Musik*.
7.10 *Third Opinion*. *Highlights of the London International Festival of Theatre*.
7.35 *Alta. Verdi's Venetian opers*.
7.50 *James J. Van Der Zant*

BBC RADIO 4
6.00 *News*.
6.10 *The Farming Week*.
6.00 *Prayer for the Day*.
7.00 *Today*.
7.10.00 *Prayer in German*.
8.05 *Spot on 4*.
9.30 *Emancipatory: Holiday and travel options*.
10.00 *Postcard from Gosham*.
10.30 *Knowing Me, Knowing You*.
11.00 *The Week in Westminster*.
11.30 *Europe*.
12.00 *Money Box*.
12.25 *Unbridge*.
1.00 *News*.
1.15 *Any Questions?*
1.40 *Any Answers?* 071-880 4444.
2.30 *Playhouse: Deborah's Daughters*.
4.00 *You Know I Make Sense*.
5.00 *Science Now*.
5.10 *in the Club*.
5.35 *John Wilson: Remnants of a decaying Communist system in Central Asia*.
5.50 *Knowing Me, Knowing You*.
6.00 *News and Sport*.
6.25 *Week Ending*.

BBC RADIO 5
6.00 *Home Truths*. With theatre director Michael Bogdanov.
6.30 *Kalaidjian*. Director John Landis talks about his vampire film *Innocent Blood*.
7.20 *Saturday Night at the Movies*.
9.30 *Musik in Mind*.
9.50 *Ten to Ten*.
10.00 *News*.
10.10 *Open Mind*.
10.45 *Panoramic Voices*. The first of three collections of scintillous verse.
11.00 *Singing for a Living*.
11.30 *Winston in Europe*. Part four by Peter Timmwood.
12.00 *News*.
12.35 *Shipping Forecast*.
12.45 *FIFA* *Closes*.
12.45 *(LW) As World Service*.

BBC RADIO 5
6.00 *World Service*.
6.05 *Weekend Edition*.
9.30 *Get Set*.
10.00 *Topical Health Special*.
1.00 *Spot on Five*.
7.05 *Sir-O-Five*.
10.00 *International Football*.
9.00 *Lo Top*.
9.30 *Nightbeat*.
10.00 *Sports Bulletin*.
10.15 *The Sky Out*.
12.00 *Closes*.

WORLD SERVICE
BBC for Europe can be

SUNDAY[illegible]

CHESS

IN SPITE OF Judit Polgar, many elder chess players remain unconvinced that women are a serious force in the game. For these sceptics, results from the quaintly named Vienna Waltzer tournament will be a shock. The heroes of their youth, the grandmaster elite from the Fischer-Spassky era, are currently being mauled by their female opponents, and Judit is not even playing.

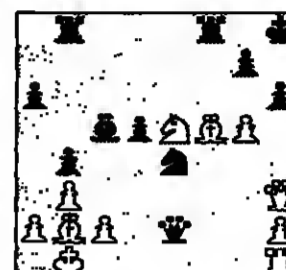
The six prizelies, average age 63, all but one with experience as world title candidates, higher current ratings than the women and with a \$50,000 prize fund incentive, are struggling against their rivals, average age 23 and supported by smart campaign banks, with all the veterans' game. After rounds the women led 17-15.

Only Ewfrim Geller, 68, once the scourge of Fischer, is doing well. His colleagues Vassily Smyslov, 72, the ex-world champion; Fridtjof Olafsson, 58, the former president of FIDE; and Bent Larsen, 58, have between them won one

The bold Dane had the rare misfortune for a GM of being actually checkmated, as an imaginative attack refuted his casual opening play (M Chiburdanidze, White; B Larsen,

Black, Vienna 1993).
1 e4 c5 2 Nf3 e6 3 Nc3 Nc6 4 d4 cxd4 5 Nxd4 d6 6 Be3 Nf6 7 Qe2 e5 8 Nb3 Be7 9 f3 0-0 10 0-0 Be6? Better a6 and b5. 11 Nc5 a6 12 Nxe6 fxe6 13 g3. Fastening on Black's eternal weakness.

Re8 14 Rh3 Bf8 15 f4 b5 16 f5
b4 17 Na4 Qa5 18 b3 Qb5 19
Qf3 exf5 20 Bxf5 Nd4 21 Rxd4
Eliminating Black's only active
piece and preparing a decisive
attack on Larsen's king.



26 g4 d5 27 Qh3 b6 28 Ne5 Bc5
29 Bb2 Qe2 30 g5! Nxe4
No 879

No 979
The position after Black's 30th; how did White (to play) end the game?
Solution Page XX

Leonard Barden

BRIDGE

It is extraordinary how mental blindness seems to attack declarers at the bridge table. Take a look at this no trump contract from rubber bridge:

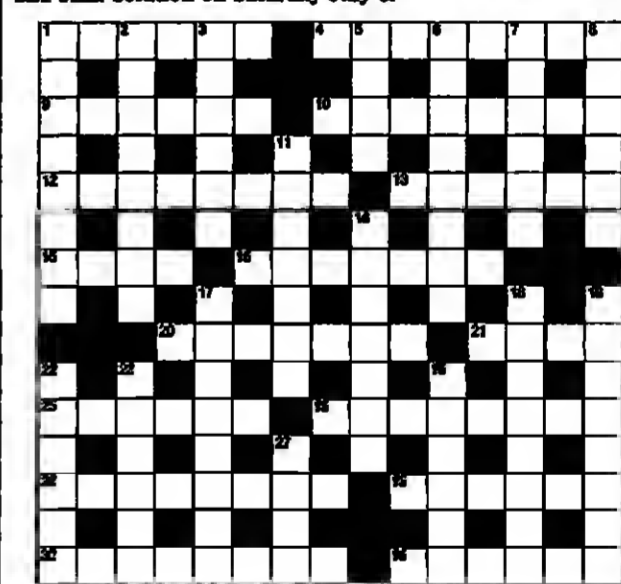
his diamond ace, South led another club, West showed out and dummy's ace was played. Declarer switched to hearts, led the ten in dummy, and ran it. The queen won, and West cleared his spades, and waited to get in with his heart ace and defeat the contract with his spade winners.

NS spate winners. South played without any real thought. After West's spade opening he has three spades, four diamonds, and a club for the taking. He requires one more trick. Instead of relying on finesses in clubs, he must look to hearts for the extra trick. He should play the heart four and this will set up one heart trick before the spades can be set up. Admittedly it was unlucky to find all the clubs stacked against him, but making sure of one's contract is the hallmark of the expert dummy player. The right line is not difficult to see, but safety plays are constantly overlooked, even by reasonable players.

E. P. C. Cotter

CROSSWORD

No. 8,180 Set by VIXEN
A prize of a classic Pelikan Sovereign 800 fountain pen, inscribed with the winner's name for the first correct solution opened and five runner-up prizes of £35 Pelikan vouchers. Solutions by Wednesday June 30, marked Crossword 8,180 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday July 1.



Name.....
Address.....

ACROSS 23 Notorious gunmen
cheaty holy man replaced deliver a trade (6)

with some hesitation (5)
4 Cowboys' capital investment (8)
5 Delayed report for 25 (8)
10 Looking about right, so taking the lead (8)
12 Cold remarks and 21 — such stuff
for soldiers (8)
13 Armon may be at sea (8)
14 Painter with caged cock bird (4)
16 A funny man showing discretion (7)
24 Aid soldier — never at assembly
(7)
21 Nothing more than water (4)
25 Left with a figure for the gateway
to a new world (8)
26 Academic boss requiring acknowl-
edgements of indebtedness (8)
29 Fall back weakened and checked
off (8)
30 Slough, where gold is stored in
quantity (5)
32 Set off only to end in confusion and
scuffed (8)
35 Some swains' experience a
certain nervous tension (8)

DOWN

1 The court's opening lines (8)
2 Hinting made dreadful scene, had
no effect (8)
3 About all, none, wanted to get going
again (8)
5 Drinks for youngsters (4)
6 Fighting man with a beastly objec-
tive (8)
7 Says nothing — it is (8)
8 Put a name to the new design (5)
10 A wife of vandalism? (7)
14 At 15 a housing worker in America
(7)
17 Missing connection (6)
18 This is the last month to speak out
for honour (8)
19 Carries on doggedly — quietly
reluctant change (8)
22 Gives a giving point to perishing
suck (8)

24 Deodarous way Parsons drive (8)
27 Others are at once (4)
30 Solutions to Puzzle No.8,179

T	R	A	C	E	O	N	A	N	I	A	H	I	A
U	C	O	N	E	A	M	U	C	E				
G	O	R	E	S	E	S	E	S					
H	E	N	E	I	T	A	V	E					
O	R	A	N	G	A	B	E	I	N	G			
S	O	L	D	E	R	E	R						
S	O	L	D	E	R	E	R						
R	I	P	S	R	E	L	I	G	I	O	U	S	
E	R	E	R	E	R	E	R						
O	L	E	F	E	R	E	R						
R	A	I	N	E	R	E	R						
U	N	D	E	R	E	R	E	R					

**Solution and winners of
Puzzle No.8,168**

R	E	C	I	P	E	T	O	S	S	E	D	U
U	C	O	N	E	A	M	U	C	E			
H	O	L	I	E	R	E	R					
H	A	P	O	E	V	E	I					
E	B	B	S	P	L	U	M	P	E	R	E	R
R	A	E	E	V								
U	B	E	R	L	E	R						
C	E	N	T	R	A	L						
C	E	N	T	R	A	L						
E	M	B	R	O	D	E	R					
R	U	B	E	A	T	W	A	L				
S	U	B	E	R	E	R						
I	L	E	E	S								
A	S	E	R	I	A	T	E	R				

**R.I. Nuttall, Sutton Coldfield, W.
Middlemarch, W. Warwickshire,
Haven, Pembro; R. May, Burnley,
Lancs; Denis Mills, Acklam,
Cleveland; Dr W.J. Stanley,
Middle Berwick, Co. Fife;
Williams, Old Bostons, Essex,
Norfolk.**

Daddy, how do we create jobs?

There is a radical - if unpopular - solution to unemployment, says Max Wilkinson

"DADDY, isn't there a way the Government could get rid of unemployment?"

"Yes," I said. "It would completely disappear if the government withdrew all benefits to the unemployed. Then everyone would either work or starve."

"I can't believe I am hearing this..."

"Well, not many would actually starve," I continued. "There would be charities, soup kitchens, workhouses - things like that. And don't forget, the government would save £12bn a year by not paying benefits."

"It could use this money to paint hospitals, repair roads, clean up our cities. That could provide perhaps 1m jobs. So instead of being paid for doing nothing..."

"Daddy that's utterly heartless. There must be a better way."

"You mean, apart from just waiting for green shoots? Yes there is. The government could borrow £30bn and spend it digging a huge

hole in the ground for the Channel tunnel rail link and cleaning up litter. With that sort of money it could create millions of jobs."

"So?"

"Unfortunately, the Government borrowed so much to win the last election and to pay for the unemployed that it is running out of credit. Now it is being told to cut spending, which would throw even more people out of work."

"But what you want to do..."

"I never said I wanted to do it. You asked if there was a way. But it is not as crazy as you think. It is how things work in Hong Kong, and they are doing tremendously well. The Americans have very low unemployment benefits

compared with ours and they have created millions of new jobs."

"Even so," she said, laying aside *The Guardian*. "We would become a low wage, low skill economy."

It is a troubling point. But the fact is that Britain has squandered its intelligence. The report this week from the Adult Literacy and Basic Skills Unit said that one in five 21-year-olds is illiterate. It is not obvious why a Briton who cannot read a manual nor add up a customer's order should be paid more than assiduous workers in Hong Kong or Malaysia.

On the other hand, not everyone can be an electronics expert. As technology advances, will some people inevitably be left behind

to depend on the work of others?

It was Mr Parrack, the decorator, who dispelled this gloomy thought. He is expensive, but we use him because he never lets the paint run, neither does he leave any speck on the carpet.

"How have things been going for you in the recession?" I ask.

"Terrible, Mr Wilkinson, absolutely terrible. I haven't had a free weekend for the last two months."

Of course not. Parrack cleans immaculately after each day's work. He even found a way to dismantle and re-assemble the kitchen without upsetting the cook. He was recommended to us. We recommended him to everyone.

Yet Parrack's work is not, by modern standards, highly skilled. His secret lies less in sandpaper and undercoating, than in a wonderful attention to detail and, above all, care for the customer. His are the qualities that created profit and jobs at Sainsbury, Toyota, Sony, MacDonalds. (But were sadly neglected in the get-rich-quick culture of the Thatcher debt binge.)

However deep the recession, Parrack will never need the dole. Does it follow that if the dole were abolished, everyone would suddenly become like Parrack?

Alas, no. But that does mean he would have little to fear from a flood of cheap unskilled

labour. His survival would help to re-establish, as folk wisdom throughout society, that you earn a good living only by offering excellent service.

Yet even if it were proved that abolishing the dole would result in all the 3m unemployed finding jobs, no government would dare to do it, (although this government does intend to reduce bogus claims for invalidity benefits).

The Tory heartlands would join my daughter's cry that ours is not that kind of society.

We are fortunate indeed that society can save us from many evils.

Yet too few Europeans understand that society cannot protect us from a bleak and elemental truth: in spite of the cushion of inherited resources, and the redistribution of our present incomes, only two things in the end stand between us all and starvation - work and skill.

Putting a gloss on UK crime

Nigel Spivey

THE HOMICIDE glosses one can take. True Detective and its like have been around for years, offering consistent instructions to all those commuters who might one day take a serial killing as a hobby. But a new journal has appeared this month. I found it tucked next to a quarterly called *Murder Most Foul*, but I doubt whether it is really in that innocuous category. The new publication is called *Crime Buster*, and its appearance is deeply disturbing.

"Helping you protect yourself and your family" is what it sets out to do. A fair enterprise, on the face of it. As we are reminded *passim* by the magazine, our homes are violated by thieves at the rate of one every 26 seconds. Cars fare little better, and you can even have the mobile phone whittled from your hand as you speak. So *Crime Buster* appears to be on to a good thing. And in this first issue, it has tackled its rubric with spirit.

For a start, there are prizes. Do a crime busting crossword puzzle and you could win a full surveillance system. Runners-up get a "really robust personal alarm" which even if crushed in a villain's fist will scream at 130 decibels on their behalf.

Then there are seasonal tips. Watch out if you go sunbathing in the garden: this is a nice time for opportunist intruders. But if you go abroad for the sun, the robbers like it even better. Your house will probably be stripped at leisure, and gratuitously defiled to boot. Never mind: July's issue

HAWKS & HANDSAWS

will at least supply a guide on where you stand most chance of being mugged when you do take that foreign holiday.

I have learned to beware of all sorts of new criminals. For example, the quill clipper. This is the dodger who, feigning a stupefied state, lurches at you in a crowded place with his newspaper. What you don't know is that with a deft flick of his paper he has swiped the pen from your breast pocket. Positively Dickensian, that move.

But it has to be said that *Crime Buster* does not romanticise the criminal class. Its contributors hardly ever refer to thieves as thieves. "Clowns" is a favourite. I also noticed "morons", "scumbags" and "jerks". Car thieves have their own nomenclature: "twockers" generically (Taking Without Owner's Consent), "cats" if they specialise in car audio theft. The opening (and only) metaphor of the magazine likens the law-abiding public to a flock of sheep, doing nothing while wolves raid at will. Then on the back page there is a rabid-looking hyena: one of the "cats", perhaps, about to slaver over your Blaupunkt.

There are photo-narratives showing how villains get away with things, and how the law apprehends them. It is hard to say who is the more dominant presence in the magazine: the old-fashioned bobby, the master locksmith, or a figure in blurred silhouette, simply referred to as "The Insider".

The Insider seems to have done time and knows all the wrinkles: he is prone to making jolly ex cathedra interjections. "If you've got it and you flaunt it, someone will nick it"; "Burglars hate bolts"; and so on. He sometimes alludes to thieves as "the lads", though he is billed as a reformed character, you might still want to count your spoons after having him to lunch.

The advertisements reveal a relentless battle out there between rival security systems. A large chunk of *Crime Buster* is effectively a consumer guide, guiding you towards the ultimate infra-red detection light, trying a jemmy on all sorts of locks.

Never has the line about the Englishman's home being his castle sounded so true. This is a real fortress mentality. In fact, it cannot be long before *Crime Buster* recommends its readers to wear a suit of chain mail when out on the streets: already it is touting bullet- and dagger-proof vests.

This sort of flesh-creeping view of the future is disarming enough. Equally disarming is the way in which these precautions become a sort of culture of their own (one manufacturer of bars and grilles describes itself as producing "Poetry in Steel").

But what is most disarming is what *Crime Buster* never mentions. Across 85 pages, there is not an iota of a scintilla of a suggestion that we could bust most crime by being a more equitable society. Not a whisper. And that is a very sad silence.

Private View/Christian Tyler

A voice for the victims

Pierre Sané, head of Amnesty International, discusses the modern meaning of human rights

WHILE London was basking in the 2500th anniversary celebrations of the birth of Greek democracy, Vienna this week was witnessing a struggle over the modern meaning of human rights.

On Tuesday the Dalai Lama was at a meeting arranged by Amnesty International in the Austrian capital. China had refused to allow the spiritual leader of the Tibetans to address 5,000 delegates at the biggest United Nations conference on human rights for 25 years.

The communist leaders in Peking, together with the governments of Malaysia, Indonesia, Singapore and other developing countries, are complaining that the West interferes when it imposes its own definition of human rights upon them, that it hampers their trade and weakens their competitiveness.

Amnesty International, which fights for prisoners of conscience and victims of torture, is a western foundation with headquarters in London. But its new secretary general, Pierre Sané, was born and brought up in Dakar, Senegal.

I went to Vienna and asked him: You come from a developing country. Do you not sympathise with what these Asian countries say?

"Nobody disagrees when some Asian and African countries talk about the right to development and about an unequal economic system," he replied. "But even if true that still doesn't give you the right to torture a political opponent."

"Asians have the right to industrialise but not to crush their own people. Does it mean that to be competitive in the world today you have to sweat and oppress your people? If their workers say they want an eight-hour day, then those workers should not be tortured or jailed because they are organising in order to get it."

Do you agree with using trade as a sanction?

"No, not really. I don't think you can impose human rights by force from the outside. When you impose sanctions you may be punishing people in the country. More important, you will plant the idea among them that the solution to their problem will come from outside. And I think the solution will come from inside. In China, it will be for the Chinese themselves..."

Pierre Sané is an accountant who went to business school. Practising in Senegal, would have meant helping state or foreign companies maximise their profits and minimise their tax, he said. "I found morally I could not do it." So he went into development aid, studying at the London School of Economics and Carlton University, Ottawa.

You could have made a lot of money as an accountant. Why did you revolt?

"Because I would have made the money at the expense of my people."

It hasn't stopped others, I said. Where did this revulsion come from?

"I guess from my education and upbringing." He grew up in a Christian household but is not religious, unlike his mother, a teacher, and father, who was a journalist. "I suppose they gave us these values of equality and justice and the idea you can achieve things peacefully by the force of conviction."

"I cannot stand injustice. And I suppose being black and being from a continent that has suffered 400 years of unequal relationship with the world you grow up with this kind of view. Not all Africans do, as you say, because they used to sell to the slave trade - and some still oppress their own people."

The fact you are black could be interpreted as tokenism, I said. Why did Amnesty choose you?

"There were 1,200 candidates and the executive committee did not start by wanting a black one. The fact I was black was the icing on the cake." He smiled. "But by appointing me Amnesty is sending a message to the Third World about universality, multiculturalism."

Sané wants to broaden Amnesty's analysis of the economic background to human rights violations without diffusing its campaign on behalf of individual victims. His scrutiny will include not only nation states but terrorist groups, multinational companies and institutions like the World Bank and IMF. "We have to change the image of Amnesty as being a western organisation. Even if it is western it is the bearer of universal values - and being western does not necessarily mean it is bad."

I referred to the Asian plea of cultural difference and a collective right of development.

"But that's not the issue. The issue is whether a collective has the right to torture people in their own collective. If you had a culture which practised anthropophagy [cannibalism], and argued 'this is our culture' we will tell them 'even if it's your culture it's not acceptable. So stop it!'"

But are you telling them they cannot employ cheap labour in sweatshops?

"I suppose we are telling them that civilised progress makes it unacceptable today to reach the objective of economic development at the expense of human dignity. We say 'You will not repeat history. We have to find a new model of development that is centred on man.'"

"Some governments, even though their economy is modern or modernising, even though their political system is a formal democ-



racy, still behave like in a feudal system where political dissent is considered an attempt to undermine the government. They really continue to behave as if their power is coming from God."

The UN's 1948 Universal Declaration of Human Rights covers not only the right to life, liberty, fair trial and freedom of speech but also a right to work, marry freely, own property, vote in elections, claim social security, join a trade union and get a free primary education. I suggested to Sané that it was Utopian, politically unrealistic.

"I don't think so. It's not just an ideal, it's also a yardstick. It is the minimum that makes an individual a real human being. If by 'unrealistic' you mean we don't have the means, then I don't think so. The means exist."

You and I can agree that people should have these things, I said, but as rights where do they come from?

"They are won through struggle. They are not given to us by God, or come from our souls?"

"For some people they are: they say we are born with all of this. For others it is the conquest of belief and social struggle."

Who says where the list of rights should end?

"I think the list is never finished. Once those are achieved for part or all of humanity we should push it further." He suggested, for example, that the right of asylum for victims of political persecution should eventually be extended to refugees from economic deprivation.

The premise is that human rights are not only universal but indivisible and interdependent. I asked Sané what that meant.

"It means that you cannot just be free to starve. It means you are entitled to food, that the conditions for making you a human being and not an animal are met. 'Indivisible' means you are not just free from state violence or state interference in your private affairs. 'Interdependence' means that in order to satisfy one you have to have the other. If you are poor, you are powerless.

In order to move out of poverty you have to have political power in your own society."

Amnesty has been a thorn in the side of democracies as well as dictatorships: it pursues European states for their treatment of conscientious objectors and refugees, the US for its use of the electric chair. I asked Sané to comment on Britain's proposed £1.5bn sale of military trainer aircraft to Indonesia in spite of that country's human rights record in East Timor.

Like all such sales, he said, it could prove counter-productive in the end, generating a wave of migrants fleeing persecution made possible by the purchase of arms.

There are 183 countries in the UN and 110 of them still torture prisoners, according to Amnesty. I asked Sané whether, worldwide, things were getting better or worse.

"I think better because of the focus of the media, on Bosnia, on Somalia, on Angola. Throughout the world there is development of moral consciousness - because of

television. You see what is going on, you are affected and you want to stop. We forget that the whole of Latin America has come out of the rule of dictatorship. We forget that even in China economic transformation is putting pressure on the political system to open up."

"Twenty-five years ago governments could torture in secret, kill in the dark and we would not be informed. Today, with the network of human rights organisations, the presence of the media, any act of state violence in one place is reported throughout the world. The governments are exposed, and governments do not like to be exposed, especially when they are breaking their own laws."

"Those who are still putting forward arguments of cultural relativism are on the defensive. And they are on the defensive because while they are arguing about it they are forcing it down the throats of their own people. The debate is not with us. It is with their own people."

As They Say in Europe/James Morgan

A good thing about bad news

HAVING last week drawn heavily on international statistics to demonstrate the delights of Britain as a place in which to live, this week I note another virtue. It is the least parochial of nations, the only one of any size and wealth whose citizenry seems actively concerned with events in all parts of the world.

This revelation stems from a numbing trawl through continental papers in search of editorials that do not focus on purely domestic concerns. Often an apparently international debate turns out to be a device to raise a domestic matter by other means. German comment on the situation in Bosnia or Somalia is in fact about Germany: the need to suppress the ancient enemy, Serbia, or the need for Germans to play a world role.

When such commentators do confront the problems of distant nations, they lack a certain sophistication. Last week, you may recall, the US, acting under the authority of the UN, attacked the forces of the

warlord General Aided in Somalia. There was, noted the august *Frankfurter Allgemeine Zeitung*, "Clear resentment against the UN among Aided's followers." No British analysis would have concluded with "Warlords' followers 'resentful' at being bombed."

American comment ranges far and wide but the imperial view again leads to foreign events being interpreted in terms of American interests. The situation in Afghanistan or Indochina in the *New York Times*, one of the two American imperial dailies, is seen rather as it might have been a hundred years ago in *The Times*.

But for real insularity there is nothing like the Russian press. No Moscow paper since democracy broke out has carried a single editor-

ial on the domestic affairs of another country, at least one outside the old Soviet Union. There are two reasons: one is a hangover from the official communist doctrine of non-interference in the internal affairs of other countries. The advent of democracy means that this doctrine is now hallowed to the letter rather than in the breach.

The other was epitomised in a row that broke out ten days ago which was witnessed by a colleague. A Russian friend of his was berated by some western Russian specialists for the fearful insularity of his compatriots - "You don't even really care about Serbia."

The reply was violent and extreme: "You westerners have such soft, easy lives where no difficult choices have to be made that

you have to take on the troubles of others. You have not got enough problems of your own so you worry about Somalia."

That was my second revelation of the week: the real role of newspapers is to ensure that the basic human demand for bad news is properly met. Britain is the country that goes, literally, furthest towards meeting this demand. It is also currently torn by a row which started when a TV news reader said there should be space for good news on outlets such as his own. But the truth is that people want the news of their own troubles. And they are actually doing good by learning of the plight of others: there is virtue in being concerned.

The apparent demand for good

news is based on what people say they want: nobody would reply, "I don't want any good news on my TV screen" when asked the relevant question. It was the same when the opinion pollsters asked British voters last year if they would pay more tax to support the welfare state rather than see it cut back. They said "Yes," then ensured that the party which advocated this policy was beaten for the fourth time in a row.

The distinction of the better British papers is that they seek bad news from the four corners of the earth and have a vast corps of bad news specialists at their disposal. If you want a picture of how horrible things are in, say, Burma you have little choice but to skim through British newspaper cuttings. To be

sure individual continental papers will do their best to cover such exotic matters - *Le Monde* and the *Neue Zürcher Zeitung* being the most notable - but only in Britain can you obtain a proper diversity of approach.

And it is done with little attempt to tell readers why they should care. The British broadsheet assumes its readers want to be informed about events in Burma, even if not very often. In *El País* or *La Repubblica*, the reader would have to be told where Burma is, in *Pravda*, what it is.

So if the Russian view is correct, the British not only have unusually catholic tastes, but their concern with others' problems must reflect the serenity of their national life. Maybe this is not as absurd as it might seem: the other impression I got from my trawl through other peoples' papers is that the mood they reflect is even more sour than that which reigns here.

James Morgan is economics correspondent of the BBC World Service.

NEWS: INTERNATIONAL

China agrees HK harbour project

By Simon Holberton
in Hong Kong

THE prospects for a Sino-British agreement on the financing of Hong Kong's multi-billion dollar airport project brightened yesterday when China gave the go-ahead for the construction of the western harbour crossing - one of the HK\$165bn (£13.96bn) project's nine core elements.

British negotiators came away from the talks cautiously optimistic about a solution to larger issues. Mr Anthony Galsworthy, leader of the UK team, said after the meeting: "We made real progress this morning."

UK officials later said that for the first time in a year of talks Chinese negotiators had got down to detailed discussions about financing.

"We wanted a response from them to our financial proposals and we got one," said one member of the British team. Both sides are keeping tight-lipped about the Hong Kong government's latest proposal for financing the airport authority - which will manage the Chek Lap Kok airport - and a connecting railway which will be built and run by the mass transit railway corporation.

The talks are being conducted by the airport committee of the Sino-British joint liaison group. The committee has agreed to meet again by the end of this month, but British officials do not expect all issues to be settled by then.

However, they took heart at Beijing's decision to approve the western harbour crossing. The franchise for which had been provisionally awarded to a consortium including Wharf, an existing tunnel operator in Hong Kong, and Citic Pacific, Beijing's listed invest-

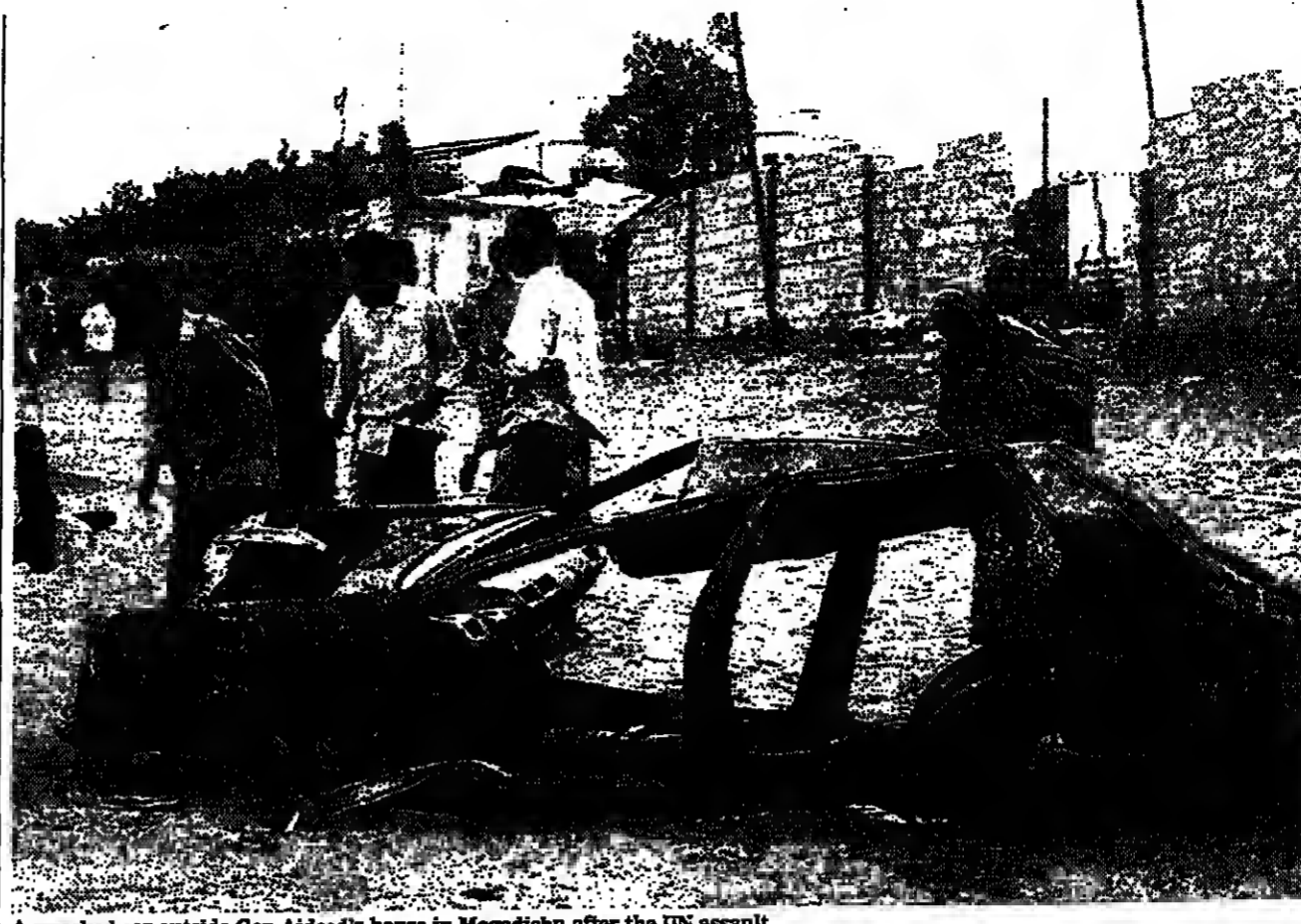
ment arm in Hong Kong. China had been informed that the Hong Kong government would be unable to meet its June 1997 deadline for the completion of the airport and related projects unless the franchise won approval to proceed with the HK\$7bn project.

The government has also informed the Chinese of another pressing deadline associated with the central and Wanchai land reclamation. Only part of this is for the airport railway.

British officials hope that at the next meeting of the airport committee the Chinese will allow this project to proceed. The finance committee of Hong Kong's Legislative Council, the colony's law making body, yesterday approved interim funding of HK\$562m for the provisional airport authority.

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A wrecked car outside Gen Aided's house in Mogadishu after the UN assault

Airlines face 747 safety costs

THE WORLD'S cash-strapped airlines face paying for much of the cost of rebuilding engine mountings on almost 1,000 Boeing 747s following Boeing's decision to strengthen and add several components, writes Daniel Green.

The design changes follow Boeing's inspections of the 747 fleet after accidents involving the aircraft. Last October, a 747 cargo aircraft crashed into an Amsterdam apartment block, killing about 50 people. A similar aircraft crashed off Taiwan in December 1991.

Boeing said yesterday it would supply the new parts free, but it was likely the airlines would pay the labour costs of fitting them. "It is expected that each airplane will take two or three weeks to modify," it said. It would take 4-5 years for all 948-747s in service to be altered.

Northwest, a US carrier, said it was working on the assumption it would pay the labour costs, although British Airways and the UK's Virgin Atlantic said they hoped Boeing would split this cost, too.

Russia fuel prices

Russia's fuel and energy minister, Mr Yuri Shafarevich, yesterday presented radical plans to cut waste, accounting for a quarter of Russian energy output, and pleaded for unpopular price reforms. Leyla Boulton reports from Moscow. He said cabinet had approved proposals aimed at eliminating price distortions, which would increase factories' energy bills from 6-9 per cent of costs to 20-25 per cent, from July.

Kiev fights crime

Ukrainian President Leonid Kravchuk will head a newly formed committee to fight organised crime, Chrystia Freeland writes from Kiev. His announcement yesterday hints at the substance of a deal to end his power struggle with Prime Minister Leonid Kuchma. "I will head the committee to fight organised crime and Prime Minister Kuchma will head the emergency committee formed to cope with Ukraine's socio-economic crisis," he said.

Moscow money

Russia said yesterday it would challenge a Luxembourg court decision to return \$275m (£184m) in Luxembourg bank accounts belonging to Russian government ministries, central bank, and trade institutions. Leyla Boulton. The funds were frozen after the court ruled in favour of a Swiss trading company, Noga, which claimed it was owed \$250m for delivery of consumer goods which were to be paid for with oil.

N-site clean-up

A proposal for a British contribution to the clean-up costs of former nuclear test sites in Australia is to be put to the Australian cabinet after two days of talks which ended yesterday in London, writes Alexander Nicoll. Britain's offer is understood to be higher than the \$5m it previously offered, though still only a contribution to the costs of some \$50m which Australia was claiming.

Bonn resignation

Mr Johannes Vöcking, state secretary in the German Interior Ministry, resigned yesterday after allegations that he leaked a counter-espionage document to discredit Mr Björn Engholm, former leader of the opposition Social Democrats, Ariane Genillard writes from Bonn.

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Serbs to vote on new mini-state

By Laura Silber in Vukovar

MR Milorad Visic, mayor of the devastated town of Vukovar, sees the weekend referendum in the self-styled state of Serbian Krajina, in Croatia, as a crucial step in carving out a Serbian state.

An overwhelming majority of voters is expected to cast ballots in favour of the union of Serb-held parts of Croatia with Serb-held parts of Bosnia.

Boasting that he is a nationalist, Mr Visic says the referendum will help to cement a Serbian state for Serbs and not for other ethnic groups.

Encouraged by the inability of the international community to stop the ethnic division of Bosnia, Mr Visic believes his mini-state will benefit from what he calls the new-found realism in the west.

"Let the west make Vukovar the capital of the new Serbian state," he says, calling the referendum the most important event since the "liberation" of Vukovar.

"Other nationalities are not equal to Serbs in this state. The Croats can have their own state but not on our territory," he says of his "republic", which covers nearly one-third of Croatia.

The 33-year-old mayor of the once picturesque Baroque

town set on the banks of the River Danube is not alone in his opinions. He seems to express sentiments shared by most of the inhabitants of the burned-out town in eastern Croatia.

Colourful referendum posters remind voters: "One state, one wish, one nation."

Mr Visic says the weekend poll will be a key step in institutionalising the union of some 2m Serbs outside Serbia. He criticises Serbian President Slobodan Milosevic for wanting to unite all Serbs in a state in which other ethnic groups have equal rights.

Asked if he envisages a union with neighbouring Serbia, Mr Visic says: "This will come later. Serbia will unite with us once it solves the problem of Kosovo," in reference to the mostly Albanian province in southern Serbia.

"They must either give it away or beat the Albanians the way we did the Croats," he laughs. He believes the poll will stop Mr Milosevic from making deals with Croatian President Franjo Tudjman.

He does not have the right to play with our fate or trade our land," Mr Visic says, and speculation that the leaders of Serbia and Croatia plan to swap territory in exchange for peace.

Canadian killed in Bosnia

A Canadian peacekeeper was killed yesterday when an anti-tank round hit his armoured vehicle in central Bosnia shortly after another ceasefire came into force throughout the republic, Laura Silber reports from Belgrade.

Bosnian Croat leaders yesterday said some 2,000 Croats had been killed in recent fighting against Muslims in central Bosnia.

Fighting was reported yesterday even after the truce brokered by the UN among the three communities went into effect at noon.

The alliance between Croats and the Muslim-led Bosnian army earlier this year shattered when Croat commanders ordered Muslim fighters to come under their command in Croat-held areas.

Michael Littlejohns adds from New York: The UN Security Council agreed yesterday to deploy 7,600 troops, backed by air power, to provide protection in six designated "safe areas" in Bosnia, including the capital Sarajevo.

A formal resolution was scheduled to be adopted last night, along with a separate one welcoming a US offer of 300 soldiers for Macedonia and agreeing to their deployment as part of an expanded UN force.

UN forces hunt Somali warlord

By Jurek Martin in Washington and Agencies

UN forces in Somalia continued their search for General Mohammed Farah Aided yesterday in spite of President Bill Clinton's assertion on Thursday night that the operation against his militia was "over and a success."

There was no confirmation in Washington of a report that Gen Aided had taken two American and 12 Moroccan peacekeepers hostage, but an Australian army officer in the Somali capital dismissed it as "totally false."

At his press conference, Mr Clinton said the murder of 23 Pakistani peacekeepers by Gen Aided's militia two weeks ago "could not go unpunished."

He added that the purpose of the UN operation "was to undermine the capacity of Aided to wreak military havoc in Mogadishu."

UN forces hit Gen Aided's compound with an air and ground assault on Thursday. His militia fought back using women, children and hospital patients as shields, the UN said.

One Pakistani and five Moroccan UN peacekeepers were killed and 43 were wounded, UN spokesman Joe Silis said in New York. The number of Somali casualties

was unclear but could range into the hundreds, given the firepower used in the UN assault.

In Nairobi Gen Aided's Somali National Alliance said yesterday the UN attack killed "more than 120 people, mainly women and children". The alliance also claimed Gen Aided's forces captured two American soldiers and 12 other UN peacekeepers.

Mr Clinton said he would leave to the UN any decision of what to do with the warlord if he were captured. He denied any US vendetta against Gen Aided. "As long as he was willing to co-operate with the UN, he was able to live and

work in peace," the president said.

Mr Robert Oakley, chief US diplomat in Somalia during the US intervention begun last November, said in a television interview that while it was right to seek to cripple Gen Aided's militia it was equally critical for the UN to restart the process of political reconciliation and "nation-building" in Somalia.

Without being specific, Mr Clinton also promised that US personnel would play on the ground roles in helping to keep the peace and promote democracy in conflicts such as in Somalia, Cambodia and Bosnia.

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David Gergen emerged triumphant, reports Jurek Martin

Clinton adviser's vintage week

IF it has been a good week for President Bill Clinton it has been a vintage one for David Gergen. The fingerprints of the new presidential adviser were all over just about everything that came out of the White House this week.

Gergen rules, imparted by the old master, James Baker, during the protracted Reagan era, have not yet been filmed by Steven Spielberg nor issued in paperback. But they are known to include:

● Keep it simple even when it is not in his press conference on Thursday night, Mr Clinton, who loves the complex, offered, for the first time, a new straightforward formula to describe the hideously complicated and still disputed budget legislation.

● "For every \$10 in deficit reduction, \$5, half of it, comes

in spending cuts, \$3.75 comes in tax increases on the highest income Americans - the upper 6 per cent - and \$1.25 comes in taxes from the middle class.

Families with incomes below \$30,000 are held harmless in his programme." This will become the new administration litany, unless Congress radically changes the numbers.

● Borrow good ideas regardless of the source: three economic charts, all in living colour, formed the backdrop to the press conference and were frequently used by the president. So what if Ross Perot has been employing the same technique for a year - or that David Gergen went boating with him in Bermuda three weeks ago?

● Never go public unprepared: Mr Gergen, who knew only too well what Mr Reagan

might say if deprived of his coaching and his 3-by-5 inch cards, put Mr Clinton, normally so self-confident in his mastery of material, through a mock press conference in the White House theatre in the hour before he went on live TV for the real thing.

● Do not get mad at the press because it is a no-win proposition: Mr Clinton did lose his temper on Monday, perhaps understandably, and he could have gone further. The media is asking itself if it has not been too hard too early and one poll this week found more than four in ten Americans believing he had not been given a fair shake by the fourth estate.

But, over a span of 72 hours, he followed through with two formal press conferences and another, with President Sam

Nujoma of Namibia, which came to resemble one. In all three he dived charming, joking with the TV journalist who had so offended him and on Thursday night swapping garb with Mickey Mouse ties with a print reporter.

"You have to do your job as you see it," he said in the most conciliatory tones to the mass media, "and I'm going to do mine the best I can." The joint responsibility, he went on earnestly, was to create "an atmosphere of trust and respect" in which "I am going to do my best to be honest with you and you're going to be honest with me."

Whether the president - or the media - believes it or not is secondary to the fact that both, for the moment, are going to be on better behaviour and terms.

ICI chief urges EC to boost economy

By Paul Abrahams

EUROPE'S chemicals industry is heading for a serious crisis and the European Commission should introduce emergency measures across the continent to stimulate economic recovery, Sir Denis Henderson, chairman of the British companies Imperial Chemical Industries and Zeneca, warned yesterday.

"Politically, economically and chemically, the industry's performance has been depressingly poor," Sir Denis admitted at yesterday's European Chemical Industry Council (Cefic) annual general assembly in London.

His warning came as Cefic forecast zero GDP growth in Europe this year, a 2.5 per cent fall in manufacturing output, a 0.5 per cent fall in chemical output, a 6 per cent fall in chemical industry investment,

and a 3 per cent fall in chemical industry employment.

Cefic said stocks were above normal and order books poor. Given weak demand prospects and excess capacity, there would be continued pressure on margins. Europe's chemical industry employs 2m people directly and generates sales of £600bn (£236bn) a year, equivalent to 3 per cent of western Europe's GDP.

Sir Denis called for a speedy end to the Gatt negotiations on world trade liberalisation. He said no measures should be introduced by the EC Commission that weakened Europe's competitive position. He singled out proposals for a carbon tax, which he said would be particularly unhelpful. To a large extent, self-inflicted and unnecessary pricing wounds had caused a collapse in financial performance, he said.

Hungary in \$800m Russian Mig deal

By Nicholas Denton in Budapest

THE HUNGARIAN government has announced it expects to sign a contract in the next few days to acquire \$800m (€628m) worth of Mig-29 fighter aircraft, spare parts and ammunition from Russia in a swap against Russia's trade debts.

The deal for the 28 modern Mig-29 interceptors, which was approved by the Hungarian government this week, is part of the largest arms transaction in eastern Europe since the fall of communism.

Budapest will offset the \$800m against Russia's \$1.7bn debt to Hungary, which was the outstanding balance at the start of 1992, when the two countries closed the books on their trade under the old Comcon system.

Military and political leaders

said they would have preferred western equipment to Russian. Preliminary talks were held with Saab, the Swedish manufacturer, as well as with the US government for F-16s.

But officials claim a comparable purchase from the west would have cost up to \$1.5bn, or about two years' defence expenditure, and Hungary's government finances are already overstretched.

Hungary believes its only hope of recovering Russian trade debts is to accept repayment in kind. It is also anxious to strengthen its air defences.

● Mr Pal Teleki has resigned as chairman of Hungary's state holding company AVI after revelations that he received a \$130,000 a year salary top-up from the Hungarian-American Enterprise Fund, an institution set up by the US government to promote private enterprise in Hungary.

Azerbaijan president flees as rebels close on capital

By Steve Levine in Baku

FORMER communist leader Mr Heydar Aliyev yesterday took over as Azerbaijan's leader after the president, Mr Abulfaz Elchibey, fled the capital of Baku.

Mr Elchibey did not officially resign, but said he was leaving to avoid bloodshed as armed rebels demanding his resignation closed in on the city.

The rebels, led by charismatic former businessman Mr Surat Huseynov, were reported to be within a few miles of Baku yesterday evening. However, the Turkish ambassador to Azerbaijan told a Turkish news agency that Mr Aliyev had managed to persuade Mr Huseynov not to enter the city in view of the president's departure.

At the same time, ethnic Armenians in the western region of Nagorno-Karabakh were advancing against Azerbaijani troops on two fronts, near the towns of Agdam and Martakert. The civil war has been the central issue in two years of political upheaval in Azerbaijan.

At the head of his 3,000-strong army, Mr Huseynov may demand a high political price for halting his rebellion. Mr Huseynov's revolt on June



Elchibey: 2am flight



Aliyev: back from oblivion

4 against Mr Elchibey, in which he seized Azerbaijan's second largest city, Gyanja, triggered the political crisis in which five senior government ministers have resigned and Mr Aliyev has returned to power as parliamentary speaker after six years of political oblivion.

At 2am yesterday, Mr Elchibey was said to have ordered a government aircraft to his home village of Kelaki in the region of Nakhichevan.

Government officials said the president left the capital without warning, and left no instructions to his subordinates. Mr Aliyev said he also

was not alerted. In parliament, Mr Aliyev said Mr Elchibey told him in a telephone conversation late yesterday afternoon that he left to avoid bloodshed in the capital. Mr Aliyev quoted the president as saying, "whenever you want I can come back. The decision rests with you".

Mr Aliyev said the president had left him in charge until he returned to Baku.

"The main thing right now is not to decide who is head of government," Mr Aliyev told the parliamentary deputies. "First, we must find the way out of the tense situation in the country."

Back to the past for Nigerians as poll result is blocked

By Paul Adams in Lagos

THERE is a big scoreboard outside the headquarters of Nigeria's National Electoral Commission (NEC) in Abuja, put there to display the results of last Saturday's presidential election. It is blank.

Like the federal capital of Abuja itself, the first general elections for a decade have consumed a lot of time and money but look as though they will never be completed.

On Wednesday, the NEC announced it had been restrained

from publishing the election results by a court ruling. There was stunned disbelief, and the suspicion that Nigerians had been duped once again by a military regime that has hung on to power a little too long.

Three times since 1991, President Ibrahim Babangida has delayed the transition to democracy, now scheduled for August 27 - the eighth anniversary of his seizure of power.

"Two years ago I would not have believed this possible in Nigeria, it was something that happened in other African states, but we've had so many changes that Nigerians

have become docile," said a businessman in Lagos, the commercial capital.

The mood of the Yoruba, who dominate the Social Democratic Party's stronghold in the south-west, has turned from celebration of the expected success of their own man, Mr Mashood Abiola, to outrage at the legal sophistry which may deny him victory. Among the decrees passed by President Babangida in recent months was an electoral law giving the NEC overall responsibility for the running of the elections, without interference from any court.

"Babangida took power by force, playing martial music and telling Nigerians to stay calm," said a young trader from Edo state in the mid-west. "He didn't worry about law courts and judges in those days. I just don't think he wants to go."

Although victory for Mr Abiola could mean a shift of power to the south, northern Nigerians also regard the belated vote-rigging allegations by the rival National Republican Convention (NRC) with contempt. "What was there to rig? I passed one polling station on Saturday where the election officials out-

numbered the voters," said one northern chieftain. "Most people still thought the election was off on Saturday. It said so the day before on the Hausa service of the BBC."

The indignation cuts across party lines: "The SDP is not my party, but Abiola won it fairly and he should get his chance," said one NRC supporter from Delta state. "A lot of people don't care if it's Abiola or Tafa [the NRC candidate]. They just want a change."

Nigeria is run down. Strikes have hit schools and hospitals, rubbish piles up in the streets of the Lagos

business district, power cuts and water shortages are common, drains and roads are collapsing, and armed robbery is unchecked by an incompetent and demoralised police force.

During recent fuel shortages, the prices of basic goods and public transport in Lagos rose by up to 200 per cent and have yet to come down.

Outside the Central Bank of Nigeria, which has halved the value of the naira in the past year, black market traders sell the currency for 60 per cent less. If uncertainty over the election continues, they will mark the naira down further.

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Political paralysis looms over G7 summit

By Charles Leadbeater in Tokyo

JAPAN'S political crisis could not have come at a more sensitive time for its international economic relations.

With a general election due in late July, the country will be in the midst of the election campaign when Tokyo hosts the summit of the Group of Seven leading industrialised states on July 6.

That week Mr Kiichi Miyazawa, the prime minister, is due to sign an agreement with US President Bill Clinton on a framework for Japan and the US to negotiate trade disputes. The prospects for the Gatt world trade talks have also been hurt. The Japanese government, fearful of being punished in the polls, will be in no position to deliver concessions for the sake of a Gatt agreement at the summit.

The immediate consequence of the no-confidence vote will be paralysis of the government. Mr Miyazawa has become a lame duck and all major decisions will be put off during the campaign. The election itself could yield a weak, LDP-led coalition government.

In the short run the main beneficiaries of the crisis may be Japan's powerful bureaucrats, who will have more scope to act on their own initiative. But in the medium run the bureaucrats can only work effectively if strong politicians are on hand to take big decisions, for instance over whether the ailing Japanese economy needs more stimulus or what concessions to make on agriculture for the sake of the Gatt talks.

The summit may not be too damaged because plans for its agenda are already fairly well advanced. Indeed a successful summit would strengthen the LDP's claim to be the only party capable of representing Japan on the world stage.

However, the ageing Mr Miyazawa is likely to look weak next to the relatively youthful Mr Clinton and the new Canadian prime minister Ms Kim Campbell.

Japan's bilateral meetings with Russian President Boris Yeltsin may be particularly troubling, as Mr Yeltsin is likely to make clear Japan should not expect concessions in the dispute with Russia over the Kurile Islands north of Japan. Rough treatment from Mr Yeltsin would be a further humiliation for Mr Miyazawa.

As for the talks with the US, foreign ministry officials are confident the outline framework for trade negotiations can be agreed by officials. But substantive talks on specific issues such as opening up the market for supercomputers or car parts will have to be shelved.

In addition US calls for further stimulus for the Japanese economy will only be met by a strong government capable of overcoming the finance ministry's opposition to more government pump priming.

The same is true of the Gatt talks. Tokyo will next week host a meeting of trade ministers from the EC, the US and Canada. It was widely hoped this would deliver an agreement on market access measures. That may be more difficult now. But what can certainly be ruled out in the near future is any Japanese concessions on its rice import ban, which is the main Japanese obstacle to a Gatt deal.

The LDP needs all the support it can get. Its unwillingness to support political reform may well have antagonised younger urban voters. The last thing it will want to do is to alienate its traditional rural supporters as well.

Miti reluctant to brake harder on car exports

By Michiyo Nakamoto

JAPAN is prepared to talk to the European Community about the level of its car exports to the EC, but has made clear it believes the deterioration in the European market this year does not necessarily call for a cut in Japanese exports.

The Ministry of International Trade and Industry has drafted a letter to Mr Martin Bangemann, EC industry commissioner, agreeing to discuss the Japanese monitoring of car exports to the EC this year.

But the Japanese side signalled it was not yet prepared to lower the level of car exports to the EC. Neither do Japanese authorities intend to change the status of cars manufactured in the EC by Japanese vehicle makers.

Japanese officials accept that

A faint smile as the knife goes in Japanese see hopeful signs in economy

Robert Thomson observes a polite betrayal

MR Tsutomu Hata smiled faintly last night as he took centre stage in the Japanese parliament and voted against his party to bring down the government.

Before throwing in his lot with the opposition last night, Mr Hata, 58, howed to Mr Kiichi Miyazawa, the prime minister, who sat sad-faced as the betrayal was played out in front of him.

For a party rebel who has torn at the Liberal Democratic Party's seams, and was on the verge of creating a rival party last night, Mr Hata is mild-mannered and polite.

When the time came to justify his actions, he spoke with a sense of elation, preferring to emphasise that the decision was not easily taken.

"It is a very difficult thing to have done," he said. "But we have reached a turning point in Japanese politics and the pressure for change is intense. What path we will take is something that our faction must now discuss."

Mr Hata draws his confidence from the perception that he represents the aspirations of ordinary Japanese. He is self-consciously populist, and has appeared on television in the company of showgirls and comedians, all in the interests of political reform.

Having worked at a bus company for 10 years before entering politics, he dubbed himself the "salaried worker MP" to distinguish himself from the career politicians and the sons of career politicians who dominate the ruling party.

The image developed during a term as agriculture minister, when he cultivated the farm vote by touring the provinces, insisting that the rice market would be permanently closed

to imports. His rural home town is in central Japan, and he felt at ease in the company of farmers.

The coming election will test whether his perceptions of his political faction's role as the representative of the people are correct.

It may be difficult for some Japanese to ignore the company he keeps. By Japanese political standards, Mr Hata is clean, but his colleague Mr Ichiro Ozawa, a former LDP secretary-general, is known as a backroom manipulator.

Mr Ozawa has provided the numbers to give the Hata faction substance, but the credibility of his recent conversion to the cause of reform will be an issue during the election.

'Reform will nurture real political parties'

Mr Ozawa and Mr Hata share a building in central Tokyo, but they lead separate lives, one still working behind the scenes, and the other working the Japanese media.

The 34 faction members who joined Mr Hata in voting against the LDP are an odd collection, the pro-reform remnants of a larger faction which split late last year. There are the elders whose ruddy faces tell of late-night drinking and bargaining sessions, and for whom the events of last night are an unexpected thrill near the end of long careers.

And there are the younger members, noticeably nervous when they arrived at Hata headquarters yesterday morning for the meeting at which they collectively decided to

vote against the LDP. They will be vulnerable at the election now that they have left the comfortable hierarchy of the LDP, which would have delivered ministerial posts after a few more terms in office.

Mr Hata is hoping for defections from other LDP factions in coming days to enlarge and strengthen his faction. Then he will need to gather the funds necessary to compete with the extensive resources of established factions, which is where the well-connected Mr Ozawa is supposed to come in.

In the past, the LDP's factions have generally not been divided by ideology, but they have huddled over sharing the spoils of power. Mr Hata is also no ideologue. He believes in free trade, and the creation of a more transparent government.

He has repeatedly argued that changes to the electoral system would only be the first stage of change, and should lead to an upheaval of the present political parties and the creation of a parliamentary system more responsive to emerging issues and less focused on factional whim.

"Reform will help to raise the people's awareness of politics. Reform will help to nurture real political parties, and it will help Japan to develop a more independent foreign policy and to take diplomatic initiatives," he said this week.

These are observations which play well in urban Japan, where dissatisfaction with the LDP is greatest. But the salaried worker MP could find that the most infertile political fields are those of rural Japan, where the support for the LDP is strongest and the vested interests run deep.



Hata: populist champion of cleaning up Japanese politics

'Salarymen' welcome defeat of party fixers

By Emiko Terazono in Tokyo

"IS IT really true? I hope it is," exclaimed a Tokyo office worker last night after hearing that the vote of no-confidence in the government had been passed by parliament's lower house. "I'm surprised, but this is the way it should have been," beamed another middle-aged office worker heading home from the Ginza, the neon-covered night spot in central Tokyo.

While most Japanese have been complacent about the behaviour of the country's tightly-knit political sphere, the recent turmoil has managed to grab the attention of the usually apathetic electorate. "I'm shocked to hear the news, but I don't know who I'll vote for yet," said student Miss Rieko Kojima, 20.

The tax evasion scandal which broke late last year involving Mr Shin Kanemaru, former kingmaker of the ruling Liberal Democratic Party, angered ordinary Japanese. Frustration has mounted especially among office workers, who are feeling the effects of the downturn in the economy through cuts in bonuses, overtime pay and who fear the demise of the life-time employment system.

Mr Hideo Ichikawa, a 35-year-old office worker, was not shy to hide his anger. "Of course Mr Miyazawa has to take responsibility. We salarymen are sick of all this," Mr Snsnmu Sugisaka, 32, a banker said. "The LDP are useless. I'll never vote for them again."

However, many voters still doubt that the LDP's power base will crumble. Mr Hisayoshi Yamashita, a taxi driver, does not believe that any party other than the LDP will rule the country, but has voted for the socialist party all his life "just to keep a balance." And although many Japanese are turned off by the LDP, there are few realistic alternatives.

Even Mr Tsutomu Hata, the former finance minister who was at the centre of yesterday's turmoil, is regarded with some reserve. "They may seem to be saying different things, but fundamentally they're probably the same," said Mr Tadamitsu Yamasaki, 55, a doctor. "Is he really going to bring in change?" asked one office worker, while a brokerage official raised doubts over Mr Hata's partnership with Mr Ichiro Ozawa, a Kansai follower turned reformer.

And while some office workers, especially after their cups of sake in the Ginza, last night remained as apathetic as ever, others indicated that they may not be too eager to give up the current stability for fundamental political changes. "As long as the economy doesn't get really bad, I'm happy to vote for the LDP as long as they repent their corrupt ways," said a 42-year-old real estate agent.

Relationships which have been nurtured over the years are also not going to diminish immediately. "I'm going to vote for the LDP candidate," said a 62-year-old shop owner. "I've known and voted for him for 20 years."

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NEWS: UK

■ House prices constant in first quarter, say societies ■ Economic advisers likely to be divided on how to cut PSBR

New commitments to mortgages fall

By John Gapper,
Banking Correspondent

THE NUMBER of home buyers making commitments to new mortgages from building societies fell last month as further evidence emerged that the housing market recovery remains modest.

The Building Societies Association published figures showing that net new commitments to mortgages fell 12 per cent in May to £2.78bn, from £3.18bn in April. The fall followed three consecutive monthly rises.

The association also disclosed that its own index of house prices shows that prices remained constant in the first quarter of the year compared to the last quarter of last year, and were 6 per cent down on the first quarter of that year.

Mr Adrian Coles, the association's director-general elect,

said the figures indicated that the housing market was "not taking off" but was nonetheless recovering from the "very depressed" conditions of the last quarter of 1992.

The figures do not include lending by banks or other mortgage lenders - although Abbey National is included in the house price index. Banks have been raising their share of mortgage lending over the past six months.

Societies achieved a net inflow of retail funds from savers of £700m, a fall from April's £1.07bn but far higher than inflows in the first three months. Societies last year achieved a net inflow of only £280m for the whole year.

Mr Coles said retail inflows had been "surprisingly robust" in the year so far, in spite of fears of competition from National Savings and equity

products. Societies have gained £2.5bn so far, compared with £667m for the same period last year.

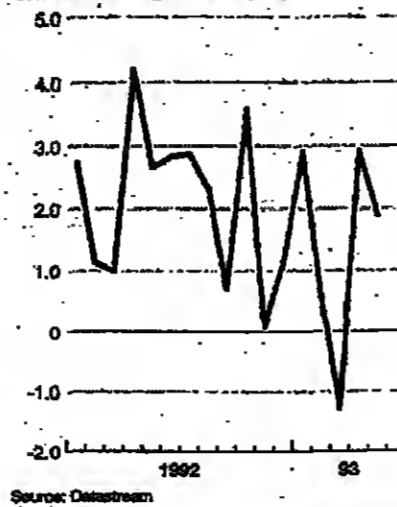
Mr Coles warned, however, that the forthcoming sale of British Telecom shares would "severely distort" inflows in coming months as savers withdrew funds to buy shares. He said this effect would start to occur at the end of June.

The house-price figures show that the heaviest falls between the first quarter of this year and the same period of 1992 occurred in Greater London (8 per cent), the south-east (9 per cent) and the south-west (11 per cent).

The house price index - which is based on a value of 100 in 1985 - reached a peak of 201 in the third quarter of 1990 before falling. It rose marginally in the third quarter of last year before falling to 182.

UK lending

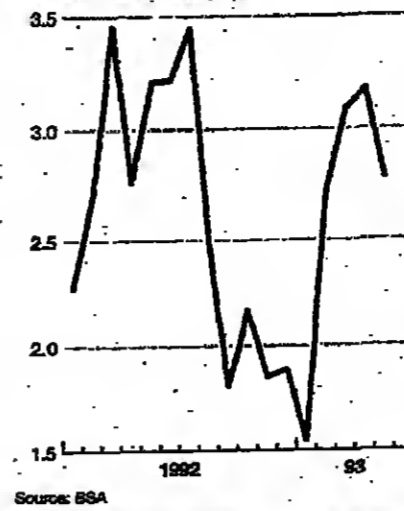
Bank and Building Societies (£bn)



Source: Datastream

Building societies

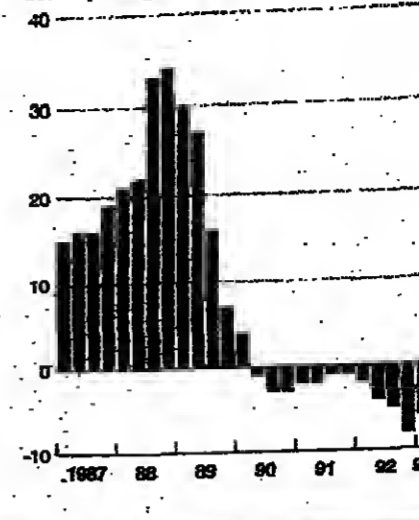
Net new commitments (£bn)



Source: BSA

House prices

Quarterly change against corresponding period



May rise in M4 points to expanding economy

By Peter Marsh

A RISE in the M4 measure of the money supply last month has supported notions that the economy is gradually expanding.

M4, which includes deposits at banks and building societies and notes and coins, rose a seasonally-adjusted 3.9 per cent in the year to May, the Bank of England said.

The year-on-year increase in the aggregate was the highest since November last year. In the 12 months to April the rise was 3.5 per cent.

Other figures from the Bank fail to give the impression that

lending by banks and building societies is set for rapid growth.

Banks and societies last month lent £1.9bn in sterling to companies and individuals, after £2.9bn in April.

Separately, the British Bankers' Association said lending by the big UK banks came to a net £1.15bn in May, after £2.47bn the previous month. In March and April the average monthly rise was just £733m.

Lord Inchausti, director-general of the association, said that while total lending had picked up since the start of the year "it is from a

low level and at a very slow pace".

While demand for mortgage loans from the big banks has recently been strong, companies repaid debt in May for the fourth month running.

This in part reflects a desire to repay loans run up during the mid to late-1980s. Companies have also had less need to take on new loans as government borrowing has soared.

The Treasury said: "The improvement in broad money growth over recent months is consistent with evidence of a resumption of growth across the economy."



Money mountain: piles of old 10p coins await recycling at the Royal Mint. On June 30 the coins cease to be legal tender. About 1.1bn have been returned but there are an estimated 200m to 300m still in circulation

Wise men's training funds call may hamper deficit cut

By Peter Marsh,
Economics Correspondent

THE TREASURY will be told on Monday by two of its panel of outside economic advisers to earmark more funds for training and investment. In a move which could jar with the attempt to cut the government's £50bn budget deficit.

Mr Andrew Britton, director of the National Institute of Economic and Social Research, and Mr Gavyn Davies, chief UK economist at investment bank Goldman Sachs, link training funds to the need to

boost Britain's industrial strength and lay the foundations for long-term growth.

The meeting of the Treasury's so-called seven wise men is likely to be divided over whether the government should favour tax increases or spending cuts as the main weapon to bring down state borrowing.

Several of the advisers see regaining control of the deficit as vital to helping a solid upturn. Any tax rises would come on top of the £17bn worth of tax increases announced in the March Budget to

take effect in the three financial years to 1995-96.

Monday's gathering will take place privately between the seven economists and senior Treasury officials led by Mr Alan Budd, chief economic adviser.

It is their first meeting since Mr Kenneth Clarke took over as chancellor last month from Mr Norman Lamont, who set up the panel at the end of last year. A report written by Treasury officials that summarises the group's proposals and forecasts is due to be sent to Mr Clarke the week after next.

The panel's discussion will be the first since Professor Tim Congdon, a staunch monetarist who is one of the group, criticised his colleagues' understanding of economics in an open letter published in March.

Mr Britton said the government needed to increase funds for training and investment in areas such as transport, while cutting back where possible on social security spending and other areas which did not contribute to economic growth.

While Mr Britton feels further tax increases are not necessary, Mr Davies would like to see tax

increases phased in during the next four years "to pay for a shift of resources" into areas of public spending that will help industrial growth.

Mr Davies said the tax increases, combined with possible cuts in public spending, should add up to a fiscal tightening that would total about £12bn by 1997.

Prof Congdon, economic adviser to the Gerrard and National discount house, also wants tax rises to curb the budget deficit. But he is not in favour of plans to shift government resources into investment or training, arguing the private sector should take the lead on such decisions.

Mr Andrew Sentance, head of economics at the Confederation of British Industry, and Liverpool University's Prof Patrick Minford both want spending cuts to bear the brunt of the effort to bring down borrowing.

Prof Wynne Godley of Cambridge University, another panel member, said he preferred not to state a view prior to the meeting. Prof David Currie of the London Business School, the seventh wise man, did not return telephone calls.

SFO seeks access to Nadir banks

By John Murray Brown

THE SERIOUS Fraud Office is seeking Turkish government co-operation to allow access to the books of two Istanbul-based banks connected to Ismail Nadir, the fugitive businessman.

The proposal was discussed last week with the Turkish government in meetings with Ms Lorna Harris, the chief SFO lawyer dealing with fraud charges relating to the affairs of Mr Nadir's former company, Polly Peck International.

Legal experts in Ankara have confirmed that the UK has requested Turkish assistance under the terms of a letter rogatory, under which a court in one country can seek the co-operation of a court in another jurisdiction in an investigation of a suspect. If the Turks agree, this would also allow the SFO to interview key witnesses in Turkey relating to the affair.

The SFO is understood to have issued similar requests to a number of countries where Mr Nadir had business interests, including the US and the Cayman Islands.

The letter rogatory would allow SFO access to the records of both Impekbank, the Istanbul merchant bank Mr Nadir sold in 1990, and Turkiye Yatilim Turizm TIT bank to which Mr Nadir has also been linked. Mr Nadir is believed to have channelled large sums out of PPI to these two banks using the accounts of his mother, Mrs Safiye Nadir.

There is a diplomatic effort to dissuade Mr Nadir from travelling to the Turkish mainland from northern Cyprus where he fled on May 5. He says he wants to go there to reclaim his business empire.

Fury over Irish president's meeting with Sinn Fein

By Ivor Owen,
Parliamentary Correspondent

A MEETING yesterday between Mrs Mary Robinson, the Irish president, and Mr Gerry Adams, the president of Sinn Fein, the political wing of the IRA, provoked scarcely disguised fury in Downing Street.

And outraged nationalists underlined the added difficulties now facing Sir Patrick Mayhew, the Northern Ireland secretary, in seeking to persuade the Unionists to participate in further talks on new democratic structures for the province.

Mr Peter Robinson, deputy leader of the Democratic Unionist party, called on Mr John Major, the prime minister, to make an official protest to Dublin about the "behaviour" of the Irish head of state.

He accused her of acting as if she were the head of state of Northern Ireland and giving "a propaganda boost to the IRA".

The Rev Martin Smyth, Ulster Unionist MP for Belfast South, said Mrs Robinson's meeting with Mr Adams had been a misjudgement that would do much for her reputation or that of anyone else in Northern Ireland.

While refraining from public comment, Downing Street emphasised that the British government's only role had been to ensure adequate security for Mrs Robinson during the meeting, which took place in west Belfast.

Another source of irritation was that Mrs Robinson chose to meet Mr Adams within 48 hours of Mr Albert Reynolds, the Irish prime minister, being told at a meeting with Mr

Major in London about the efforts being made to persuade the Ulster Unionists to participate in fresh talks.

Mr Adams, maintained that British politicians had tried to sabotage the Irish president's two-day visit to the province. He claimed that both the British and Irish governments must have seen and approved the guest list.

Mrs Robinson told her audience: "This is my opportunity to come to listen, to see and to learn and to value what you have here in this community in west Belfast."

The Irish president's action was defended by Mr Kevin McNamara, shadow Northern Ireland secretary. He said: "Mrs Robinson was on a private visit to west Belfast where she met a resident of west Belfast."

Spending cuts plea by Hurd

By Ivor Owen,
Parliamentary Correspondent

THE government must make the case for tight controls on public expenditure, so when difficult spending decisions are made they will be accepted as fair, Mr Douglas Hurd, the foreign secretary, said yesterday.

He told a meeting of Oxfordshire Conservatives that the need to curb spending came not just from the longer-than-expected recession, but from the fall in the number of workers in the population compared with the number of pensioners, and from rising demands being made of public services.

He said: "When the time for decisions comes, in the autumn, they will have to reflect clearly explained priorities, and they will have to be fair, and be seen to be fair."

Minister pressed on science cash

By Ivor Owen,
Parliamentary Correspondent

DOUBTS ABOUT whether Mr William Waldegrave, the science minister, has the political clout to ensure that money saved through cuts in military research and development is switched to civil projects were expressed from both sides of the Commons yesterday.

Mr Waldegrave, opening a debate on the recently published white paper on government expenditure on science and technology, called for the redoubling of efforts to ensure that the money was spent "properly and where it really matters". To that end he announced that a new council for science and technology would be established by the end of October.

Ms Marjorie Mowlem, the

shadow science minister, said the Office of Public Service and Science headed by Mr Waldegrave was not "strong enough" to effectively co-ordinate the science spending of all government departments. She emphasised that other departments remained responsible for 60 per cent of government spending on science and technology - including 40 per cent by the Ministry of Defence.

Sir Giles Shaw, the Conservative chairman of the Commons science and technology committee, agreed that the biggest problem facing Mr Waldegrave was how to deal with the MoD. He also pressed for more spending by the Department of Trade and Industry on civil research and development, and greater efforts to secure the support of shareholders and the City for such expenditure.

Question raised on income products

FIDELITY, THE fund management group, has written to the Securities and Investments Board expressing concern about the way some high-income products are being marketed, Philip Coggan writes.

The concerns relate to products which offer a "guaranteed" income, often at levels as high as 10 per cent. These products can appear highly attractive to investors dissatisfied with building society returns in the wake of the fall in base rates to 6 per cent.

While the income is guaranteed on these products, however, return of the initial capital is not. On some products, the stockmarket is required to grow at a defined rate for the original investment to be returned. Investors could easily find that the "income" has been earned only at the expense of their capital, for no real gain at all.

Fidelity is worried that the use of the term "income" in relation to these products may be misleading and that the risks should be made clear to investors. The group has offered to meet the SIB to discuss its concerns.

Charges over blast deaths

HICKSON & WELCH, the chemicals manufacturer, was yesterday committed for trial at Leeds Crown Court on charges connected with an explosion last year at its plant in Castleford, West Yorkshire, in which five workers were killed and two were seriously injured.

The company faces charges, brought by the Health and Safety Executive, of failing to ensure the safety of employees under section 2 of the Health and Safety at Work Act.

The company's solicitor agreed to the lifting of reporting restrictions on yesterday's hearing before Pontefract magistrates.

Mr Michael Elliker, prosecuting, said the blast happened as workers cleaned out a tank containing a hazardous residue sludge. It was the first time in 20 years that the tank had been cleaned. He said they heated the sludge and cleaned it out using a dangerous method.

Healthcare plant for Devon

VIDAMED, a Californian healthcare company, is to set up a manufacturing plant at Plymouth, Devon, with an investment of £4.9m.

The project will receive £750,000 in regional selective assistance from the Department of Trade and Industry and is expected to create up to 50 jobs by the end of next year. The plant, in Langage science park, will make dilation catheters used in the treatment of prostate problems.

Building union plans action

UCATT, the construction union, is to launch a campaign against employers' plans to impose a wage freeze next month on 600,000 construction workers.

The union's executive council will meet on Tuesday to examine strategy proposals for a campaign that will include local disruptive action.

Synod approval

THE GENERAL synod of the Scottish Episcopal Church, part of the Anglican communion, yesterday endorsed the principle of ordaining women priests.

The softly-softly approach to closing down the pits

Michael Smith looks at the lessons in subtlety the government has learnt in its handling of the mining industry

THE TACTICS are as subtle now as they were previously clumsy. The government's move to close three pits it repressed in March demonstrates that it has learnt from the public relations disaster of nine months ago, when it attempted to shut three fifths of Britain's mining industry.

Last October the government was forced to withdraw hastily its plans to close 31 pits. It had tried to achieve too much at once and, some corporation executives feel, drawn needless public and parliamentary attention.

This time, through its agent British Coal, the government has adopted a softly-softly approach. Twelve pits repressed in March as a result of the public furore that fol-

lowed October's announcement are, it seems, to be closed in stages and, the government hopes, without fuss.

The first three - Rufford in Nottinghamshire, Markham in Derbyshire and an unnamed third - have already been earmarked for closure and the chances are most of the rest will follow in the next year.

In marked contrast to October's approach British Coal will not publicise its plans. Closure proposals will be put to the workforce for approval, instead of being presented as a fait accompli. British Coal headquarters will not make public announcements before any workforce decisions.

The speed with which the government has moved to close mines it repressed less than three months ago may surprise the public, but few in the industry have been taken aback. Although the March white paper gave a stay of execution for the 12 pits - and for another six that are being mothballed - the government did little to make room in

the market for their output. In the 10 weeks since then, market conditions have deteriorated significantly.

The improved efficiency of nuclear power plants and a move by the Pollution Inspectorate to enforce tighter controls on coal-fired power stations have reinforced the electricity generators' lack of

enthusiasm for buying coal. If the dozen repressed pits are to be kept alive British Coal needs to sell at least an extra 12m tonnes of coal this year and more still in 1994-5, when the tonnages required under existing contracts fall.

Developments of the past few months make that an impossible task. British Coal will be lucky to secure 8m tonnes more in each year.

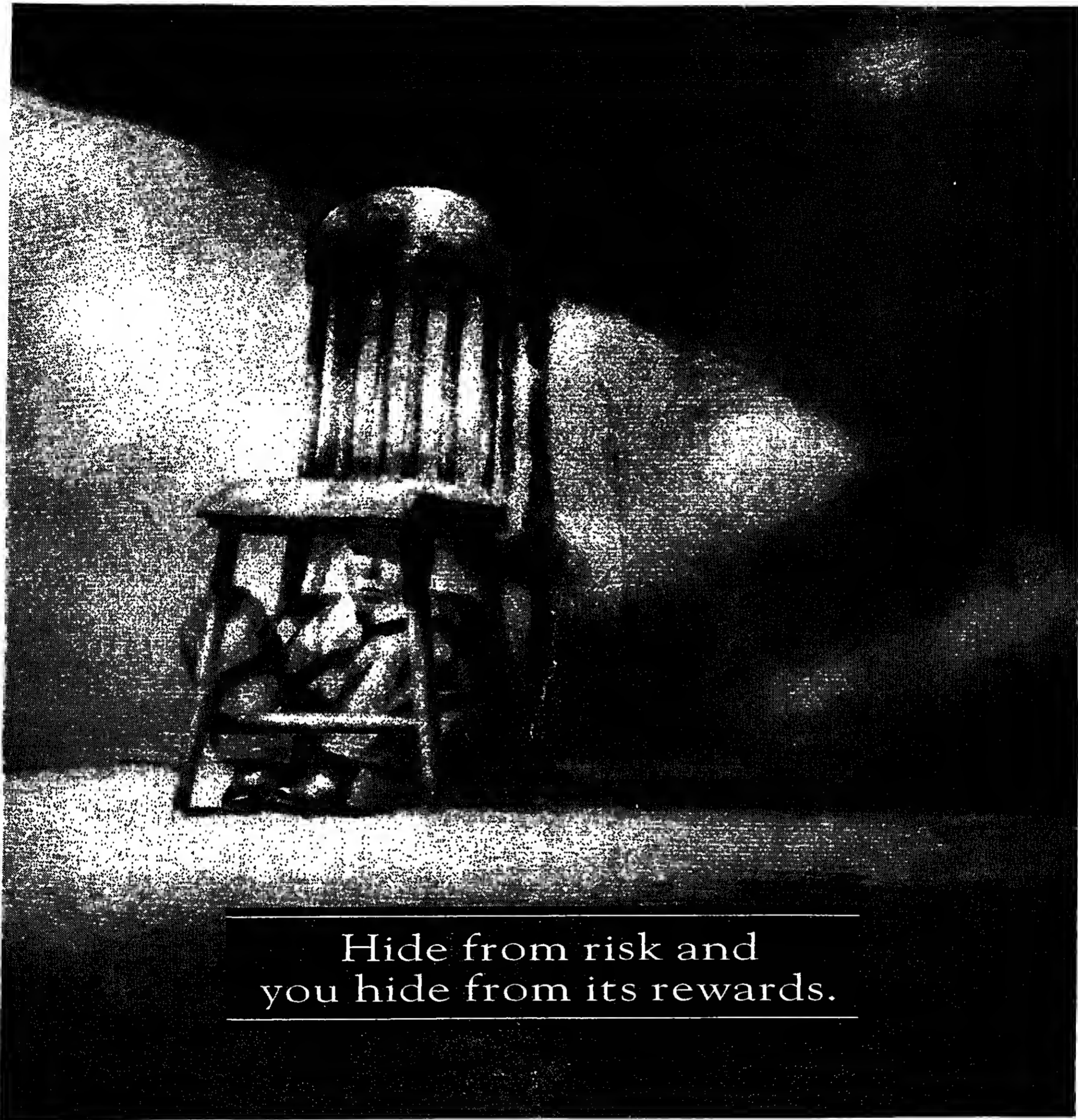
In asking the workforces at Rufford and Markham to approve closure British Coal is stressing the role of unfavourable geological factors which, it says, will limit the pits' lives. But local officials are also emphasising the marketing conditions.

More influential on the miners' thinking is the government's notice that it intends to end in December a scheme that allows miners at redundant pits to transfer to other mines and gives them enhanced severance terms if they decide to leave the industry altogether.

That will encourage the miners to consider leaving. Meanwhile, those who want to stay on will probably not be able to depend on Conservative politicians coming to their rescue as they did in October.

Conservative MPs will be given a chance to vote against the government only if it uses one of its supply days to force a debate. The government, buoyed by its more pragmatic, gradualist strategy, believes that it would still win the day.

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CBI chief attacks London strategy

By John Willman

MR HOWARD Davies, director-general of the Confederation of British Industry, yesterday launched a stinging attack on the government's failure to formulate a strategy for developing London as a leading European business centre.

Speaking at a CBI conference on the future of the capital, Mr Davies accused the cabinet sub-committee set up to co-ordinate policy on London of behaving secretly and failing to involve others in its work.

"To most business people the establishment of the sub-committee has been a non-event," he said. "It has been meeting for a year, or so I imagine. But the UK's obsession for secrecy means that no one outside its close circle knows what it has achieved, or what it hopes to achieve, or how it plans to measure its performance in the future."

Mr Davies also called for progress on improving transport in London, including projects such as the extension of the Jubilee Underground line

and the CrossRail project. Both schemes have been delayed by the government's desire to raise part of the cost through private sector finance.

"There is a danger that the whole government private-finance initiative will be discredited unless real holes can be dug in the ground pretty soon," he said.

Earlier at the conference Mr John Gummer, the new environment secretary, said that he regarded London as a "top priority". He urged Londoners to bring forward suggestions on improving the city, and said that he was considering publishing a "framework document" for the capital in the autumn.

This would "celebrate our city, describe our achievement, reflect the views of Londoners and throw out new ideas."

Mr Davies said, however, that it was hard to be optimistic about London's prospects in competing with other European cities. While business had launched initiatives such as London First and London Forum to improve the capital's

infrastructure and promote it abroad, there was no overall strategic body analysing London's problems and planning solutions.

It was clear, he said, that other European governments played a much greater role in formulating strategic plans for developing their capital cities.

Mr Davies called on the sub-committee to publish an assessment of London's strengths and weaknesses, and its plans for dealing with the latter. It should be supported by a special office with staff from all the departments with an interest in London, such as environment, trade and industry, employment and transport.

The government should also improve its co-ordination with bodies such as London First and the chambers of commerce, he said. It should support the creation of a London centre to bring together initiatives such as London Forum and the First Stop Shop for inward investors being developed by the City Corporation, Westminster City Council and the London Docklands Development Corporation.

\$1bn Morgan and Marsh fund will invest in Lloyd's

By Richard Lapper

J.P. MORGAN, the US bank, and Marsh McLennan, the world's largest insurance broker, are planning to launch a US\$1bn insurance fund in the next few weeks which will make significant investments in the Lloyd's of London insurance market.

With S.G. Warburg, Morgan is one of two banks advising Lloyd's about the introduction of corporate capital.

The project, known as the Trident Fund, will also make investments in the insurance industry worldwide. Lloyd's aims to complete a rulebook setting out the taxation, legal and accounting treatment for

corporate Names at the end of next month. It emerged last week that it was hoping to attract as much as £500m in corporate capital for the 1994 underwriting year.

Morgan and Marsh are already co-operating on the development of a \$70m Bermuda-based fund that will reinsure Lloyd's syndicates managed by Merrett Holdings, the Lloyd's agency.

In a separate development, insurers including Lloyd's syndicates have claimed victory in a US pollution case following an appeal court ruling in early June. The case was one of a series of lawsuits connected with pollution in the Times Beach area of eastern Missouri.

International Petrochemical Corporation, a subsidiary of Charter Oil, sued its insurers between 1971 and 1983 for the cost of cleaning up a number of sites polluted in the early 1970s.

The pollution arose when independent contractors used waste oil from Charter Oil as an ingredient in a dust suppressant, which was subsequently sprayed over several sites in the eastern Missouri area.

The appeal court ruled this month that policies sold between 1978 and 1983 could not be claimed on. The court has still to rule on policies in force between 1972 and 1977.

Death meets environmental health

EC emission directives are worrying the crematorium industry, writes Gillian Tett

AS THE LATEST round of environmental legislation comes into force, Britain's crematorium business is facing its biggest shake-up for decades.

Almost all of Britain's 236 crematoria must, over the next five years, replace or retrofit their 700 cremators - as the incinerators are discreetly called - at an estimated cost of £20m to comply with new regulations on industrial emissions.

The move has delighted Britain's tiny crematorium making industry, provoked bitter protests from crematorium operators, triggered a rapid rise in cremation charges - and prompted many local authorities to reconsider the management of their crematoria.

With a cremation rate of nearly 70 per cent - 80 per cent in London - Britain has the highest level of cremation in the Western world.

Mr Jon Luby, director of the Federation of British Crematorium Authorities, said: "Crematoria are not something that people usually notice. But it's a very important service, and this is going to mean big changes."

The turmoil in the normally sedate business has been prompted by the 1990 Environmental Protection Act. In accordance with European Community directives on air pollution this requires crematoria to introduce stringent monitoring and cut emissions by raising the temperature in their cremators by 200 degrees to 850 degrees, lengthening each operation by several seconds.

The Department of the Environment insists that these measures are needed to reduce the gases - including chlorides and carbon monoxide - it believes are emitted by cremators. "In technical terms cremators are like any other incinerator, so the industry has to be controlled like any business," the department said. Since crematoria tended to be in residential areas, the risk from emissions was particularly high, it added.

Crematorium operators argue that the legislation is draconian, going far beyond the EC requirements. They say it will be counter-productive in environmental terms - the NIFES environmental consul-



Paul Hayward, at Altrincham crematorium, says demand for environmentally friendly cremators requires research and development

Surge in orders for cremator makers

By Gillian Tett

MR PAUL HAYWARD does not often reveal his profession at parties. But as one of Britain's longest-established cremator makers he has reason to be decidedly upbeat.

With Britain's crematoria due to replace their 700 cremators over the next few years, the country's tiny cremator making business is experiencing a boom.

Mr Hayward, cremator director of Cheshire-based Furnace Construction said: "Britain has been leading the way in cremation and cremator making for some

time - this can only help." The company, like the handful of other cremator makers, is expecting orders to rise by at least 40 per cent next year.

Mr Hayward said that in the 50 years he had been in business his cremators had changed considerably. When he started the cremation rate was only 10 per cent. Now the rate is nearly 70 per cent, handling nearly 500,000 incinerations a year. The construction process demands extensive research and development to cope with the demand for environmentally friendly, computerised cremators.

As uncertainty over environmental leg-

islation triggered a fall in domestic demand during the 1980s cremator makers tried to expand overseas - Australia, with a 47 per cent cremation rate, has been a fruitful market, while Germany and the Netherlands have also been buyers. In Britain the industry seems set for several years of steady expansion.

Mr Max Kingsland, chief executive of the cremator division of Evans Universal, said: "There aren't many industries where Britain is still strong at home. But this is one of them." His company has a turnover of about £2m a year from its cremator business.

tancy group says operating the cremators at higher temperatures will raise annual running costs by £1m across the country in addition to the £90m replacement costs, and use an extra 5m therms of gas.

Mr Luby said: "The whole of the country's cremators don't emit as much pollution as one Boeing aeroplane."

With many local authorities unable to meet the cost of the capital investment, estimated

to be about £450,000 for most crematoria, which on average have three cremators, most operators have responded to the changes by levying an "environmental surcharge".

Since the introduction of the legislation, charges have risen by a third, bringing the average cost of a cremation to £134 - still well below the cost of funerals.

At the same time, many councils are considering

another option - tendering crematorium management out to the private sector.

Only 15 per cent of Britain's 236 crematoria are privately owned but the number is rising, as companies such as Great Southern Group, which owns 11 crematoria, seek to expand their business.

Mr Eric Spencer, chief executive of Southern Group, said: "It's a very specialised business. You cannot go into it

expecting an immediate return on your capital investment."

The company makes a £1.5m profit from the business each year. It opens a new crematorium in Aberdeen next month.

For the moment the prospects for the business seem fairly healthy - after 50 years of rapid growth the cremation rate seems steady, while mortality rates are predicted to rise by the end of the decade.

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More doubts on London hospitals

By Alan Pike, Social Affairs Correspondent

THE NEXT STEP in the controversy over the restructuring of London's hospitals will come next Wednesday with the publication of six reviews into the distribution of specialist services in the capital.

The reviews into the future shape of London's specialist services were set up by the government after the Tomlinson report, which proposed reducing the capital's large number of teaching and specialist hospitals.

Next week's reports will, however, add to doubts over the future of hospitals that were not directly threatened by Tomlinson.

The pressure group London Health Emergency, which yesterday published a document containing findings from the reviews, expressed fears that the recommendations could lead to nine hospitals closing and others finding their financial positions undermined.

In addition to hospitals such as St Bartholomew's in the City, under threat since the publication of the Tomlinson report last year, the pressure group suggested that hospitals such as Oldchurch in Romford, the Brook in Greenwich, Atkinson Morley's in Wimbledon

and Queen Elizabeth children's hospital in Hackney will be at risk.

London Health Emergency expects that the reviews will propose to transfer specialist units lost in the closures, but fears that in the present state of public spending policies there would not be sufficient funds to finance such redevelopment.

The pressure group said: "The only certainty appears to be that a big reduction in London hospital services is already under way, reinforced by the panic cuts and closures imposed by the chaos of the internal market."

Mrs Virginia Bottomley, health secretary, stressed yesterday that it would "be wrong to think that the recommendations of the reviews provide the definitive blueprint for the future".

The reviews, like the Tomlinson report itself, would be treated as independent advice to the government and not as government policy.

Further rationalisation in London is likely to be proposed next month when another review of the capital's specialist post-graduate hospitals is published.

Final decisions on hospital services in the capital are likely to be made by ministers by the end of the year.

Fluoridation of water may rise

By Alan Pike and Brown Maddox

THE PROSPECT of government action to extend the fluoridation of water supplies was raised by Mrs Virginia Bottomley, health secretary, yesterday.

She will meet representatives of the Water Companies Association on July 7 and is expected to urge action to increase the proportion of the population receiving fluoridated water beyond the present 6m who are mainly around Birmingham.

Mrs Bottomley gave an indication of her intentions at the National Association of Health Authorities and Trusts conference in Bournemouth yesterday, when she said the time had come to look again at some of the obstructions and difficulties. She said in reply to a question that she would personally be outraged if she did not have fluoridated water.

Next month's meeting will coincide with the first anniversary of the government's Health of the Nation strategy aimed at improving overall health standards. Mrs Bottomley said the anniversary might be an appropriate time to carry forward the fluoride issue.

Dental care is not one of the priority areas covered by the Health of the Nation strategy.

Mrs Bottomley might be tempted to make it one, using a measurement which relates improved dental health to fluoridation.

Previous attempts to fluoridate water supplies have been fraught with political and moral divisions over whether it is acceptable to medicate a basic natural resource. Supporters argue that there is no evidence of risk and that the policy should be pursued for its dental benefits. Opponents say fluoridation denies individuals freedom of choice.

Mr Peter Hall of the Water Services Association, which represents the 10 large water and sewerage companies, said: "The matter is one for the district health authorities - they have to ask the water companies to do it. Fluoridation is relatively cheap, and water companies would be paid by the authorities. They would also expect to be indemnified against the risk that medical evidence later found it to be harmful."

Mrs Bottomley's meeting will coincide with a programme in the BBC TV Nature series in which Mr David Blankett, shadow health secretary, will question Labour's traditional pro-fluoride position. He will say that mass medication of water supplies is a "very dangerous move to make".

Stock exchange calls for regulator

By Norma Cohen, Investments Correspondent

SIR ANDREW Hugh Smith, chairman of the London Stock Exchange, has called for the creation of a single enforcement agency with the power to bring criminal and civil charges in cases of market manipulation.

In the exchange's report for the year ended March 31 this year Sir Andrew said that amid growing public concern about market manipulation "it is not widely recognised how limited are the exchange's powers nor how much valuable work we do to monitor and detect irregularities."

Sir Andrew's call comes just weeks after the City's chief watchdog, the Securities and Investments Board, issued a review of its own powers. It concluded that such an enforcement body, with a

greatly increased surveillance capacity, may be necessary.

The exchange and the SIB have both called for the creation of a surveillance mechanism which would allow regulators to track all equity-related transactions, including those in underlying derivative instruments which are now not captured by enforcement authorities.

Sir Andrew said in the annual report: "Unless market regulators have access to all this information their chances of detecting clever financial crooks will diminish."

On other matters Sir Andrew said the Stock Exchanges intended to spend about £40m over the next two and a half years to build a successor to the outdated SEAQ price display system.

The exchange has already spent about £7.5m in planning the system, which had been

the subject of opposition from some members who favoured asking the US-based National Association of Securities Dealers to build a system for it.

Some members had suggested that the exchange's inability to make its Taurus paperless settlement system work raised questions about its ability to build a cost-effective successor to SEAQ.

Sir Andrew said IBM Consulting had been retained to act as an independent monitor of progress on the project in an effort to avoid the pitfalls of Taurus.

The annual report noted that the exchange suffered a pre-tax loss of £11.6m for the year which ended in March, against a profit of £1.5m the year before, as it absorbed the costs of closing down its Taurus paperless settlement project.

Sir Andrew pointed to a reduction in the exchange's

operating costs and said: "We don't regard ourselves as being judged by the amount of money we make." He said the current year's earnings should see a substantial improvement.

The annual report says the exchange's review of its Yellow Book, its rules governing the admission of securities, would be published this summer and there would be an interval of at least two months before the new rules came into effect.

It says 112 companies were suspended and there were 134 cancellations of listing during the year, mainly at the request of the companies involved.

During the year the exchange's market supervision department conducted more than 295 investigations into possible breaches of trading and reporting rules and 10 cases were referred to disciplinary panels.



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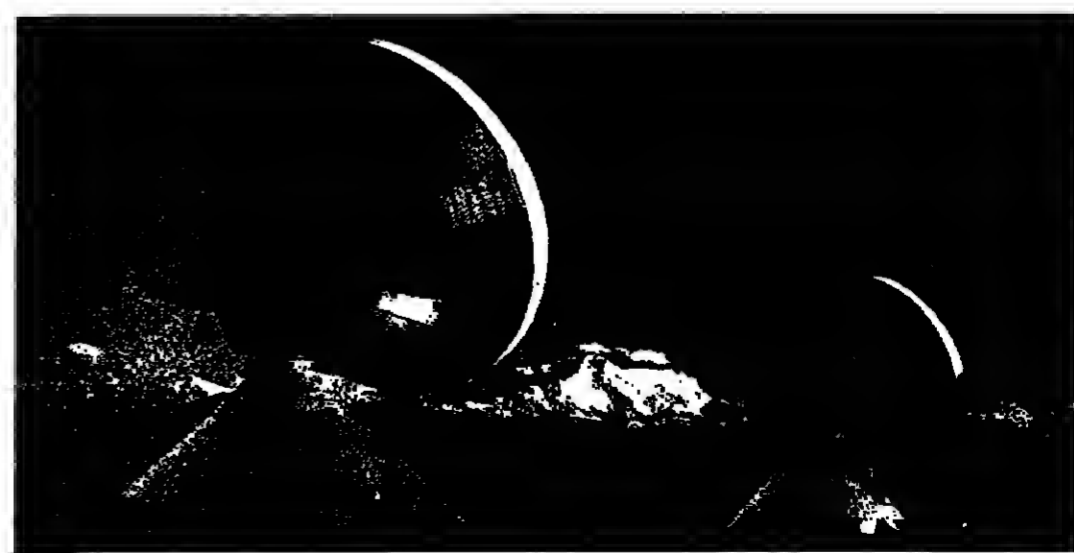
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Forswear thy foolish ways

"SING FROM the same hymn sheet", John Major urged his factional Cabinet colleagues at Thursday's meeting. For his government has embarked on what Downing Street has described as the toughest public spending round for 15 years.

But what hymns might the prime minister's colleagues sing as they prepare to meet the Treasury's tough expenditure ceiling? "Fight the good fight", perhaps. "Dear Lord and Father of mankind, forgive our foolish ways?", preferably. "Lord of all hopefulness", probably. "The strife is o'er, the battle done"? Certainly not.

The targets for public spending in 1994-95 and 1995-96, reaffirmed at Thursday's meeting, may be the toughest for 15 years, although the Treasury agrees that defining such claims is problematic. But the government's limits are certainly tougher than it has pursued in recent years. It plans to cap the increase in the control total for public spending, adjusted for recession-related items, so that, in real terms the increase between this financial year and next will be broadly flat, which would make it the tightest year since 1989 when the out-turn control total fell.

But, while 70 per cent of the deterioration in Britain's public finances since then may be recession-induced, the other 30 per cent reflected a deliberate political decision to spend now and pay later.

Between 1991-92 and 1992-93, the control total was allowed to rise by 5.1 per cent, while government expenditure rose as a percentage of gross domestic product from 42 per cent in 1991-92 to 45.5 per cent this year. Sooner or later, and probably sooner, the government - and thus the electorate - was going to have to pay, either in reduced services or higher taxes.

Strongest enemies

Mr Major's task is made vastly more complicated by the internal state of the parliamentary Conservative party. Like Japanese prime minister Kiichi Miyazawa, felled yesterday by a factional dispute within a Liberal Democratic party which has held power too long, Mr Major's strongest enemies are within his own party.

Mr Major's attempt to impose discipline on the spending round has been undermined by repeated internal leaks in recent weeks: increased prescription charges, hotel fees for hospital stays, cuts in invalidity benefits, have all been unofficially floated into the public domain in order to force the embattled premier and his increasingly powerful chancellor either to take the political flak or

shoot them down.

Nor have matters been helped by the apparent willingness of spending ministries to ignore the Treasury's pleas for austerity and lodge increased bids for spending, or the open public debate between left- and right-wing members of the cabinet over whether taxes will have to rise further if the combination of Mr Lamont's budget tax increases and the government's spending plans prove insufficient.

As Mr Major knows from reading Trollope, singing together is only part of the story. Archbishop Grantley and Mr Slope, the bishop's chaplain, were both members of the Church of England, sang in the cathedral together but still pursued very different goals.

Yet it is far from certain whether the spending plans will be tough enough for the economy. Chancellor Clarke skated over this issue in last week's Mansion House speech. "Public finances will be restored 'back towards balance over the medium term'", he said, adding: "If I judge that further action is necessary, I shall not hesitate to take it." But Mr Clarke gave no clues as to whether, when or how these further measures might be taken.

Fiscal reconstruction

Abundantly clear was Mr Clarke's reliance on economic recovery to do the bulk of the fiscal reconstruction. For he intends to go for growth. He will set economic policy with the interest of business as well as the City in mind. He will trumpet Britain's, and his own, successes loudly. It is a little early for him to take the credit for the generally encouraging news on unemployment, the monetary aggregates and inflation revealed this week or worry about the sluggish performance of retail sales. But he will. "We have before us the prospect of several years of steady growth and rising employment," the chancellor said in Tuesday's speech.

But will it last? For populist chancellors tend to favour populist recoveries. A lower exchange rate balanced by a tighter fiscal policy may be the best way to ensure an investment and export-led recovery.

A lower exchange rate and a looser fiscal policy is much the better way to encourage the kind of consumption-driven recovery which wins elections.

But will the chancellor be prepared to raise interest rates if wage inflation accelerates, even in the run-up to the next election? Or is another British inflationary cycle already assured? If the former, then, Chancellor Clarke: "all our hopes on these are founded." If the latter, then: "Turn Back, Oh man, forswear thy foolish ways."

Events of the past week, in the tragedies of Bosnia and Somalia, cannot fail to raise questions over the credibility of the peacekeeping capability of the United Nations. In the past few years, after the end of the cold war, the scale and the ambitions of UN peacekeeping efforts have rapidly expanded. Some people dared to hope the organisation might at last be coming into its own as the ultimate guarantor of the international system. But these expectations, enormously puffed up by the spectacular eviction of Iraq from Kuwait in the 1991 Gulf War, now look decidedly overdone and premature.

The danger now, at the end of a week in which UN aircraft have smashed Mogadishu and Lord Owen has conceded that his Bosnia peace plan is dead, is that the United Nations itself will be seriously discredited.

Part of the problem is the speed with which the United Nations' peacekeeping ambitions have expanded. In the past four years, it has launched 14 peacekeeping operations, more than the total number set up in the previous 40 years. It is not just the number but the scale of these operations which has increased, especially in the past two years. In the four years 1987-91 the numbers of soldiers involved averaged 10,000-15,000, but last year the total rose to 48,000, plus another 15,000 police and civilians. It is now considerably higher.

The most immediate consequence has been an exponential increase in costs. In the first half of the 1990s, peacekeeping operations cost on average a little over \$200m a year; in 1992-93 the figure was \$400m; last year it was \$1.4bn, and the total for the current two-year period 1992-93 is scheduled at \$3.6bn.

Part of the explanation is that some of the old UN peacekeeping operations, launched decades ago, are still under way; they may still be performing a modestly useful function, but they have not yet been wound up. This is particularly true of the Middle East, which has been the object of six different peacekeeping missions, half of which are still functioning after many years. In 1948, the UN sent a mission to supervise the truce after the 1948 Arab-Israeli war, and it's still there. In 1949, another mission was sent to observe the ceasefire in the conflict over Jammu and Kashmir between India and Pakistan, and it, too, is still functioning.

But the real reason for the cost escalation is that, in the liberated era of self-confidence after the cold war, the most recent UN peacekeeping operations are both much larger and more ambitious than most of those in the previous 20 years. Traditional operations, during most of the post-war period, were deliberately low-key and non-confrontational. Typically, their purpose was not to compel the end of a conflict. Rather their intention was to help stabilise the wind-down of a conflict which was already being brought to an end by the combatants - for example by monitoring a ceasefire.

The mandate for the 1973 Emergency Force mission, for monitoring the ceasefire after the Arab-Israeli war, is the classic definition of this kind of role: the force must have the full consent and co-operation of all the parties on the ground; it would only have weapons of a defensive character; it would not use force except in self-defence; and it would operate on the assumption that the parties to the conflict would comply with the decisions of the UN Security Council.

Unprecedented demand for United Nations forces has overstretched the world body's resources, writes Ian Davidson

Peace, but not at any price

This kind of low profile was not what the founding fathers of the UN had in mind. The terms of its charter envisaged an altogether more muscular approach. Under article 43, the Security Council would be empowered to take virtually any measures to deal with a threat to the peace, including the use of military force. All member governments would undertake to make armed forces available to the council as required, and the council would be advised by a Military Staff Committee made up of the chiefs of staff of the permanent members of the council.

These ambitious plans were effectively neutralised by the cold war, though not before the UN had made two spectacular and large-scale forays into the peacekeeping business. The first was the Korean war of 1950, when it authorised the mustering of an international coalition to repel the invasion of South Korea by North Korea; but it was able to do so only because the Soviet Union was boycotting the Security Council at the time.

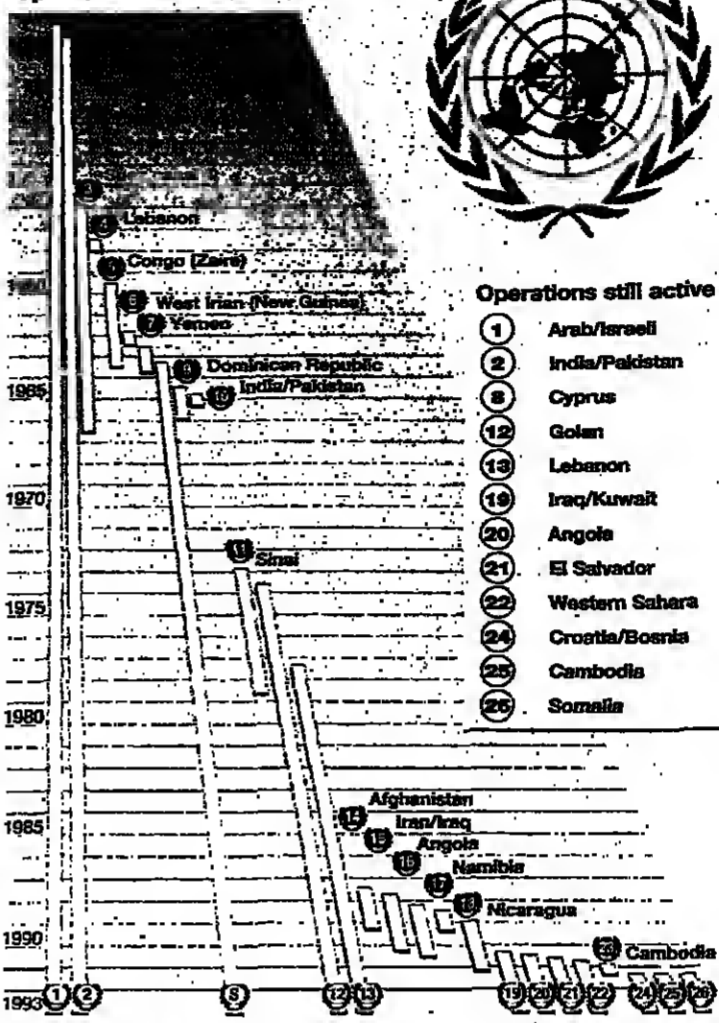
Much more traumatic was the Congo operation of 1960, triggered by the secession of Katanga and the deployment of Belgian troops to protect Belgian nationals. This was voted by west and east for opposite motives: the Americans supported the expedition because they feared the Soviet sympathies of the new Congolese prime minister, Patrice Lumumba; the Russians supported the expedition because they suspected a western plot to recover control of Katanga's copper resources. The expedition was a constant source of east-west friction, which reached peaks of intensity with the murder of Lumumba and the death in an air crash of Dag Hammarskjöld, the UN secretary-general.

After the confrontational trauma of the Congo operation, the UN kept its head well below the parapet for the next 20 years. All peacekeeping activities from the mid-1960s to the mid-1980s were confined to small-scale and consensual operations. Considering its modest ambitions, the 1973 Arab-Israeli ceasefire mission was quite a substantial peacekeeping operation, which mustered between 4,000 and 7,000 men and cost \$446m over six years. More normal was the Arab-Israeli truce mission of 1948, which is still functioning, and which consists of fewer than 300 men and cost only \$25m last year.

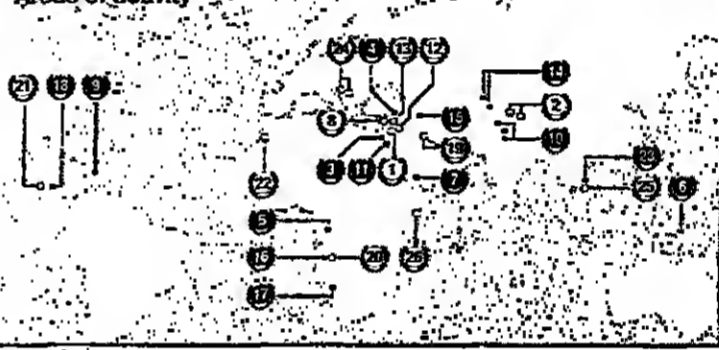
The turning point in UN peacekeeping came with the accession to power of President Mikhail Gorbachev of the Soviet Union in 1985. His co-operative posture permitted the organisation to take a higher profile. But the subsequent disintegration of the Soviet Union confronted the UN with a series of

UN: the burden of peacekeeping

Operations since June 1948



Areas of activity



unprecedented challenges to its peacekeeping role. The classic problems in the 1960s and 1970s were conflicts between sovereign states. Today's classic problem, by contrast, is the internal disintegration of states, inter-ethnic conflict and civil war - such as in Yugoslavia, for example, Cambodia and Angola.

This shift goes some way towards explaining why recent UN peacekeeping operations are so large by historic standards. Monitoring a

ceasefire already agreed by two sovereign states is inherently much easier, and militarily much less dangerous, than trying to sort out a civil war. The UN force in Cambodia runs to 20,000 people, at a cost of \$637m in 1992, while the force in the former Yugoslavia totals more than 23,000 men, and that in Somalia 28,000.

By the same token, however, the difficulty of the challenge partly explains, but only partly, the very

mixed results achieved so far. The Namibian operation in 1989-90 was a spectacular success in supervising the transition from a war of independence, through elections, to independence itself. But the Angolan operation has so far been a lamentable failure: elections have taken place, but the civil war goes on. In Cambodia, elections have been held, and now everyone is holding his breath in the hope that a new coalition hangs together.

The most difficult cases of all so far are provided by Somalia and what remains of Yugoslavia, and it is here that UN credibility is really at stake. In Somalia, it is difficult to discern whether the UN has a strategy, or whether we are seeing a sequence of different tactics. Unless some constructive strategy comes into view, it will be difficult to reconcile air strikes with any normal concept of peacekeeping. In the former Yugoslavia, the UN has a strategy of providing humanitarian aid, combined with economic sanctions against the warring parties. Now it has an additional strategy of providing "safe havens" for the Muslims. But neither has been backed by enough force to be implemented adequately, and neither is preventing the military carve-up of Bosnia. The evidence so far suggests that the UN is not yet really suited to dealing with civil war and ethnic conflict. Almost by definition, the organisation has to operate on the basis of a large measure of international consensus. Intervention in civil war raises difficult questions about the circumstances in which the international community may have the right to interfere in a sovereign state; and about the practical feasibility of bringing a conflict to a stable and peaceful conclusion. The further the UN ventures down the road of intervention and compulsion, the more essential, and the more difficult, it becomes to devise a plausible political strategy and to secure the necessary consensus.

As a result, we see the UN Security Council adopt contradictory policies: it votes for safe havens in Bosnia, while knowing that it does not intend to supply the necessary troops to protect them. UN official calculations are that somewhere between 7,500 and 34,000 troops would be needed to protect them. But so far member states have not volunteered even the smaller number, and even the higher number would be too few in the absence of co-operation from the warring parties. So far there has been no such co-operation.

This lack of commitment by the member states also shows up in the peacekeeping budget. At the latest count, member states were \$1.67bn in arrears for all peacekeeping operations, of which \$549m was owed by the US and \$91m by Russia.

Eighteen months ago, when the UN was buoyed up by its new-found confidence, Mr Boutros Boutros-Ghali, the secretary-general, called on member states to implement the charter and activate Article 43, by making available stand-by forces for the Security Council. His appeal fell on deaf ears: the world community is not yet ready for such a step.

The final word has not yet been heard on the UN's peacekeeping role, nor even on its role in Bosnia and Somalia. But the evidence so far is that western governments are unwilling to venture far down the road of heavy military intervention, and are anxious to ensure, by preemptive monitoring and negotiation, that these two test cases are not repeated elsewhere.

MAN IN THE NEWS: Tony O'Reilly

Full of beans and blarney

It is long after midnight in a leafy Pittsburgh suburb, and Tony O'Reilly is saying effusive goodnights.

The Dublin-born chairman of H.J. Heinz, the US food group, will have a few hours' sleep, and then jet to Washington DC. There, he will defend the group's Weight Watchers division before the Federal Trade Commission, which is looking into weight loss claims. Next day, it will be on to New York for his eldest son's wedding. After that, there are his newspapers in Ireland and Australia to attend to, not to mention share stakes in Waterford Wedgwood and Fitzwilliam, the Irish multi-conglomerate. At some stage, he will return to a 500-acre estate in County Kildare, where horse-breeding interests beckon.

But for the past five hours, no one would have guessed this was a businessman in a hurry. O'Reilly has commanded a dinner-table with an outpouring of indiscreet anecdotes and Irish verbiage. Subjects have ranged from the tunnel vision of bankers to the merits of inflation. "Maynard Keynes and Jesus Christ," he proclaims, "were the two greatest men in the past 2,000 years." His second wife - Chrissy Goulandris, a Greek-American shipping heiress - quietly leaves the room, and returns with emerald green badges designed by her husband to show to their guests. "The Deficit Doesn't Matter," they declare.

Such is the life of Ireland's best-known executive export. The expansive *bon viveur*, who started out as a rugby international and once auditioned for Ben-Hur, juggles an exhausting array of private and public interests. This has fascinated commentators for years. Can anyone successfully manage so many

competing demands, ask the sceptics. Or is everyone being fooled by charming Irish blarney and shrewd self-promotion?

These questions have become more intense as the performance of Heinz has stalled. This week, it said it would take a \$192m charge to cover cost-cutting. This resulted in a slide in operating profits, for the second year running, to \$86m, below the level of four years ago.

There has been speculation in the industry that O'Reilly, 57, has been focusing on short-term management goals, and that he might now be ready to bail out of Heinz, after more than 20 years with the group. O'Reilly entered the food business early in his working life. The son of an Irish customs officer, he studied law at University College, Dublin, but he soon switched to business. At 26, he became head of the Milk Marketing Board of Ireland, where he was credited with launching and promoting Kerrygold butter, the successful export brand. O'Reilly moved on to manage a couple of Irish food companies which did business with Heinz. The US company got to know him and, to the surprise of many, tapped the 32-year-old Irishman to head its UK business. Two years later, he was sitting in the Pittsburgh head office.

He was named Heinz president in 1973 and became chief executive six years later. In the early days, Heinz grew commendably. In the 1980s, earnings per share virtually quadrupled. This was mainly because of vigorous pressure on costs, international expansion and the success of its Weight Watchers business. However, since 1990, the company has faced intense competition in many main markets, and profits growth has been an uphill battle. At such times, some in the busi-



ness wonder whether O'Reilly is spreading himself too thinly. He has more than \$150m tied up in other businesses, mainly in Ireland. Only this week, it was announced that he would become non-executive chairman of Waterford Wedgwood, the prestigious but troubled ceramics and glassware manufacturer, at the end of the year.

His investments, have not always performed smoothly. Most notorious is Atlantic Resources, an oil exploration company founded in 1981 and headed by O'Reilly. It was sold last year to Conroy Petroleum at 2p a share, from a peak of \$15.50, having never made a profit.

O'Reilly denies that his life outside Heinz is a distraction. Eighty per cent of his time, he says, is devoted to the US company.

"I have a huge economic incentive," he says, pointing to an option deal struck in 1990 allowing him to buy 4m Heinz shares at just under \$30 apiece in 1996. With the share price at \$37, there is a current paper

profit of \$28m. This might satisfy many people. But O'Reilly, who already owns another 3m-plus shares, says not. "Every \$10 movement in the share price is \$72m. So you can hardly think of any better way to spend your time, if you're being ruthlessly economic about it, than working for Heinz."

And money, he says, is only half the story. "I have an enormous personal commitment. Heinz was worth \$900m when I took over in July 1979, and now it's got a market capitalisation of \$10bn. So I think I would like to see this growth path resume. I think there is a disaffection which the investment community has not just with food stocks, but with disinflation. Usually you can get your growth out of price, volume and costs. In these times, with a shell-shocked consumer, it's only possible to get it out of volume and costs."

He points out that Heinz has been facing price wars in about five main business areas, from pet food to ketchup. In the 1980s, by contrast, it largely avoided such skirmishes. But isn't juggling the portfolio of brands, and pinpointing growth sectors, supposed to be the art of consumer products management? After all, this is what O'Reilly did when he picked up Weight Watchers for \$71m in 1978.

"Well, critics can always say that," he retorts, launching into a long defence of Heinz's particular interests. "But I feel mostly stimulated by this present environment. I think the Heinz company has done a hell of a lot of sensible things. But the task is not complete, and I see myself at Heinz for at least another three years."

Is running Heinz what gives him most pleasure? Mr O'Reilly pauses and chuckles, but declines to go quite so far. "There's a certain amount of native pride," he says, the Irish brogue thickening a little. "It's where my professional reputation rests."

Nikki Tait and Tim Coone

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The Japanese are growing accustomed to their most cherished assumptions being overturned.

In the past year the salarymen whose loyalty is the lifeblood of Japanese companies have found even they are expendable, as companies cut costs. Japan's traditional deference towards the US has been replaced by a defiant refusal to give in to the Clinton administration's calls for a greater US share of Japanese markets.

But if there was one thing the Japanese could rely on, it was the Liberal Democratic party. The party has ruled the country since 1955, steering it from poverty and hunger in the wake of the second world war to become the world's strongest economy in the 1980s. Now, even the LDP is losing its grip.

Amid extraordinary scenes in the Japanese parliament yesterday evening, a 28-strong group of dissident LDP members revolted against their leaders. Their rebellion threatens to crack the postwar edifice of Japanese politics.

The dissidents voted with an opposition party no-confidence motion, lodged in complaint at the LDP's unwillingness to compromise over plans for political reform. The revolt led by Mr Tsutomu Hata, the former finance minister, brought down the government by 255 votes to 220. A general election will be held in late July.

Japan's international partners will be the first to feel the effects of the turmoil. The government will be paralysed just as Tokyo is preparing to host the annual summit of the Group of Seven industrialised nations in early July.

The consequences for Japan could be momentous, according to the snap judgments offered yesterday. Mr Morihiro Hosokawa, founder of the small but popular New Japan party, compared the defeat to the fall of the Berlin Wall. Perhaps more appositely, Mr Hideo Sakamaki, the thoughtful president of Nomura Securities, said the revolt was more far-reaching than former UK prime minister Mrs Margaret Thatcher's sacking. Business leaders and civil service bureaucrats in private said it was a turning point.

There are two reasons why they could be right.

Eruption on the political landscape

A rebellion in the ruling party could crack Japan's postwar parliamentary system, say Charles Leadbeater and Robert Thomson



First, the future of the LDP is in doubt. With the economy not yet out of a downturn which began two years ago, the LDP, stained by scandals, faces losing its majority in parliament's lower house. A split in its ranks is almost inevitable. The 35 rebels are likely to be expelled.

Second, the LDP's weakness could pave the way for a government committed to reform of the political system.

However, history teaches caution on both issues. As parliamentarians begin campaigning they will not rely on their parties for support, but on their support groups, built up over many years. The personalist character of Japanese politics is the root of many of its problems.

Japan has large parliamentary constituencies which elect about five members of parliament. To win election a member of the LDP has to compete against other people from his own party. As it is difficult for members of the same party to differentiate themselves by their policies, they choose other methods, mainly involving money.

A good member of parliament brings home public works spending - railway lines and bridges, sports stadiums and parks. He wins construction contracts for local companies and presses the case for agricultural subsidies. One of the main expenses born by a Japanese member of parliament is weddings. It is usual for a representative of the local member of parliament to show up at a wedding bearing an envelope of money.

The clearest evidence that Japanese politics is about personalities more than policies is the way in which people get into parliament. The fastest-growing group of parliamentarians are offspring of former

politicians who have inherited their father's support group and thus his seat. The results of this system are obvious. Politicians need large sums of money to finance their support groups, which makes them prone to corruption. Their concerns are local, so their views tend to be parochial.

The inward-looking character of Japanese politics is unlikely to change quickly. Nor is the LDP, though deeply unpopular, likely to be catapulted out of power. There is no credible alternative. The opposition parties have no well-defined economic policies, no experience of handling trade disputes with the US, and their foreign policies pre-date the end of the cold war,

particularly in the case of the Social Democratic party, the largest opposition party, which adheres to socialist ideology. While many LDP supporters want to punish the party for its unwillingness to reform, they do not want to dislodge it. They would prefer the party to clean up its image, rather than to risk the unpredictable consequences of ruffling the entire political system.

However, even if the LDP offers a change of leadership - Mr Miyazawa's position is so weak that he will be forced to resign - it cannot return to politics as normal, even if it emerges from the election as the single largest party.

The reason is simple and powerful: the rapidity and

scale of change in Japanese society is finally forcing political change.

Pressure for reform is converging from several sources. Many business leaders and bureaucrats believe Japan needs political institutions which are more transparent to the outside world if it is to fulfil a larger global role. The public wants reforms to limit corruption. Urban voters want reform because the electoral system gives far greater weight to rural constituencies.

These pressures are threatening to crack the LDP from within. This week's crisis marks the collapse of the hierarchy which has run the party since the 1970s. Until last year the party had been dominated

for almost 30 years by the giant Takeshita faction, which kept discipline. But last year the faction's powerbroker, Mr Shin Kanemaru, who also maintained friendly relations with the opposition parties, was brought down in a corruption scandal.

The party's leaders failed to fill the vacuum left by his departure. Their loss of authority reflects a growing division within the LDP's ranks between reformers and conservatives, younger politicians who represent younger, more independent-minded voters and older traditionalists who come from rural constituencies. Since the mid-1970s, the LDP has maintained its position by transforming itself from a rural conservative party into a catch-all coalition representing farmers and office staff, construction workers and those in high-tech manufacturing.

The Hata group's revolt may break up that coalition. Attention will focus on whether the eclectic band of reformers will coalesce into a new centrist party - by no means a foregone conclusion. Yet the rebel Mr Hata and Mr Hosokawa of the NJP are both popular among urban Japanese. The incentive of holding the balance of power in a hung parliament could encourage them to agree a common platform.

Mr Hata's group is beginning to develop specific proposals, but he has made it clear that merely changing the rules of the electoral system will not be enough. "You have to change the way of thinking," he says.

He argues that the LDP is incapable of coping with the economic and diplomatic responsibilities Japan will face in the 1990s. The country needs a clear line of political command, not the opaque policy-making of a faction-ridden LDP. With few policy details worked out, Mr Hata's group has nevertheless pledged to be radical, calling, for instance, for an overhaul of Japan's so-called "peace constitution" to allow it to play a larger role in United Nations activities.

But before they get as far as deciding their strategy after the election, the rebels will have a more pressing problem on their minds this weekend - making sure they have collected enough money to deliver to all the weddings between now and the end of July.

The high rate of adult illiteracy is placing a heavy burden on industry, writes John Authers

Basic skills don't add up

It might not seem difficult to calculate 10 per cent of £4,900, but a survey published this week found that 23 per cent of the UK's 21-year-olds could not work out the answer - even with calculators.

The survey, conducted by the Adult Literacy and Basic Skills Unit, an independent government-funded agency, poses rather more difficult questions for educators and industrialists. It indicated that one in five young adults needs urgent help with numeracy, while one in seven has serious problems with literacy.

Many more had a barely adequate command of reading, writing and arithmetic. For example, 35 per cent of the 21-year-olds had mathematical skills inferior to those expected by the national curriculum of a 12-year-old.

Such difficulties with basic skills cause problems for those who suffer them. But they also inflict great damage on the economy.

A separate survey of 400 companies by the Albus, carried out at the end of last year, produced an estimate that the total cost of poor basic skills to industry in the UK was £4.83bn a year. This estimate includes £2.5bn as the cost of rectifying customer orders dispatched incorrectly, and £1.8bn for the cost of lost custom and orders.

Industrialists believe such costs are growing, and will continue to grow, as the changing work-place requires greater skills.

Mr Edward Roberts, chairman and chief executive of Heath Springs, a small West Midlands spring manufacturer, said: "In the last five years there has been a dramatic change in the skills needed on my shop floor. The artisans who work here don't just have to measure the components they produce, as in the past. Now, the whole factory is run using statistical controls. If you don't have workers with the basic skills required, those controls will fail."

Many workers were uneasy about their ability to use computers when the company introduced them. And Mr Roberts has had problems bringing in the Japanese technique of "visual management", which uses written signs on the shop-floor to direct workers. Such techniques are doomed to failure if the workers cannot read.

Mr Roberts does not believe his workforce has grown less literate; what has changed is that he now needs a higher standard of literacy among his employees. While illiteracy was once a problem that could be ignored, industry is now forced to confront it. As Mr Roberts said: "If companies aren't bothered whether their employees are literate or numerate, they won't be internationally competitive and they may as well close down now."

Precise international comparisons are difficult, but research suggests the UK's problems are not unique. In Australia, 28 per cent of those tested failed an exam in "practical" literacy, which involved such tasks as filling in forms.

The National Assessment of Educational Progress in the US found in 1989 that 42 per cent of the population had difficulties with day-to-day tasks,

such as working out percentages on a restaurant bill. In Canada, 38 per cent of the adult population had "some difficulty" dealing with the reading demands they encounter in their everyday lives, according to an extensive survey carried out by Statistics Canada in 1990.

Estimates by the UN agency Unesco for European countries put the proportion of the population having some difficulty with basic skills at 15-25 per cent in Belgium, 15-20 per cent in France, 15-25 per cent in Italy and 15-30 per cent in Spain and Portugal.

It is far from clear how to attack the problem. During the 1970s, adult literacy programmes were emphasised - perhaps most memorably in the BBC television series *On the Move* in which the actor Bob Hoskins played an adult illiterate nervously encouraging himself to go to evening reading classes.

But teaching adults is difficult, complicated and expensive, according to Mrs Ann Barnes, general secretary of the National Association for the Teaching of English. "They develop inhibitions and defence mechanisms," she said. "Resources, skills and expertise should be put in at a very young stage."

That shift in emphasis to improving basic skills among younger people has now been adopted by the Department for Education. Last year, the costs are growing, and will continue to grow, as the changing work-place requires greater skills.

Companies that don't care whether workers are literate may as well close down now

These were modelled on projects pioneered in New Zealand, in which six-year-olds who had slipped behind in reading were given intensive one-on-one tuition.

Parents provide another line of attack. Mr John Patten, the education secretary, this week announced a small grant of £250,000 for pilot schemes in family literacy, modelled on programmes developed in the US, where parents are given help with reading and encouraged to help teach their children.

Neither approach is uncontroversial, however. Ann Barnes of the National Association for the Teaching of English is dubious about reading recovery programmes, which she believes to be unnecessarily expensive. Resources might have been better used by experimenting in the use of computers in the classroom to help children read and write, she says.

Nor is it always possible to rely on parents: the Albus research shows that children who have difficulty with reading and writing often have parents with the same difficulties. And some teachers are unhappy about encouraging parents to help their children better used by experimenting in the use of computers in the classroom to help children read and write, she says.

Yet finding ways to raise the level of literacy and numeracy skills is essential given their increasing importance at work. Not only employers lose out when their employees are not fluent in reading and writing with numbers, Mr Patten likes to point out that adults of today who lack confidence with language may be at a greater disadvantage than they would have been in the Victorian era.

Vanessa Houlder on a reprieve for church property

Canons win close combat

Church of England in English society. The church, argued one peer, Lord Williams, deserved to be given the same privileges as the National Trust and the Crown Estate, which were exempted from the bill. "After all, the Church of England is the established church of the land and therefore should have some rights in the matter," he said.

Another point that weighed heavily with the Lords was the cathedral's need to preserve control over their close. The Bishop of Guildford voiced concern about the risk of damaging their "religious and community focus". The Bishop of Chichester said "it would be a very unhappy situation and might cause a great deal of trouble" if precincts passed out of the final control of the dean and chapter, responsible for their maintenance.

In fact, the degree of control exercised by a dean over the residents of a cathedral close already varies. In the view of some chapters, piety is an important qualification for living in a close. According to the former occupant of one close, it was important to be well regarded by a dean when a lease was due for renewal. "The dean and chapter were negotiating with some people one way and some the other," he said. "They liked to manipulate it to keep the tone right."

But in many closes, the chapter has relinquished much of its control over residents by selling long leases. Some properties, which came into the remit of the 1967 Leasehold Enfranchisement Act, have been sold freehold.

In many cases, this was the result of financial necessity. In Salisbury,



for instance, close properties used to be let, at low rents, to deserving cases such as canons' widows. But by the end of the 1960s, the soaring cost of maintaining properties forced the chapter to treat its properties on a more commercial basis.

Of the 80 houses in the close, there are now just 20 on the old-fashioned "soft" leases. Another 20 properties are used for the staff of the dean and chapter. The remainder have been sold on long leases to the highest bidder. And Salisbury Close, widely seen as the most beautiful cathedral close in the country, attracts high bidders. One five-bedroom house is on the market for £900,000.

The case of Salisbury might ally

some of the fears about a dean relinquishing control over the residents in a close. The newer residents, who include Sir Edward Heath and other MPs, writers and businessmen, are generally perceived to be sympathetic to the character of the place, if not necessarily devout.

"At least 80 per cent take no role in the life and work of the cathedral," said an elderly inhabitant of the close. "But they are not opposed to the work of the church. If you come into the close, you do not have beer parties or dances."

But even if the chapter in Salisbury does not regret that it is no longer able to pick and choose its residents, the prospect of enfranchisement gave

it a feeling of insecurity. "Restrictions are not as enforceable with freeholds," says Mr David Barke, who advises the chapter on the management of the close. He added that the idea that the chapter could not prevent a building being turned, for example, into a political office.

Nonetheless, he has no complaints about the residents' willingness to maintain the buildings. "The people who bought those properties look after them 10 times better than the chapter did in the 1950s and 1960s," said Mr Barke.

The willingness of residents to look after their property is, in some respects, at the heart of the debate about enfranchisement. One of the main concerns that led to the Lords amendment was whether enfranchisement would threaten a close's role as "an oasis of peace and tranquillity in the urban environment".

Champions of the amendment, such as Lord Monson, argue that closes owe their character to "integrated long-term planning made possible by the enlightened management policies of their governing bodies".

The government, however, believes that estate management and the planning system are sufficient to maintain the character of closes.

Some residents go further, believing that the cathedrals are not particularly worthy stewards of their architectural heritage. Over recent years, the cathedrals' need to provide facilities for tourists and raise funds to maintain their buildings have forced them to propose developments that have been bitterly opposed by conservationists.

While nobody doubts that the closes need to be conserved, some of their residents will continue to think that the case for excluding them from the enfranchisement legislation has not been properly made.

Detailed accounts needed of political donations

From Mr Kenneth P. Armitage. Sir, The Conservative party is playing the game of political donations too close to its chest. "Tory party to return Nadir funds if they were stolen" (June 18). Regardless, it would appear that Asil Nadir is not the only foreign donor to donate money to the Conservative party during the past decade and this raises the question of accountability.

The number and amount of these donations calls into ques-

tion the system of political funding in the UK and whether or not donations are a means of purchasing influence and other favours. It is time that all political parties were obliged, by law, to publish detailed accounts, including names of donors, to allow the public to assess whether there are any implications. Kenneth P. Armitage, 29 Stoneham Close, Petersfield, Hampshire GU32 3BX

Much too costly a saving

From Mr John Murray. Sir, Re your story, "Universities allowed to charge top-up fees for tuition" (June 9), does this government decision herald a slow return to the days when only the eldest child in wealthier families could be educated at universities? Surely, if savings in public expenditure must be made it would be far preferable to eliminate tax relief on mortgages once and for all. This subsidy could be removed with rela-

tively little pain during the current period of low interest rates and might even be announced as a prelude to some further lowering. Sadly, it would be all too typical of British political priorities if bricks and mortar were to take precedence over genuinely open access to higher education. John Murray, 9 Cambridge Street, Tisbury, Wiltshire, Wiltshire SN12 4J

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Local government: no change may be best

From Ms Fiona Reynolds.

Sir, Your leader, "Local Councils" (June 17), concerning the review of local government structure hits the nail on the head. The Local Government Commission has clearly got off to a difficult start. This is perhaps unsurprising in view of the strong historical identity of many local authorities and the vitally important functions they perform, especially - from the point of view of the Coun-

cil for the Protection of Rural England - those concerning environmental protection, such as minerals, transport and land use planning.

CFRE believes the "no change" option - one which the commission assures us remains on the table - deserves much more careful consideration. Apart from obvious problems with some of the more recent creations, the case for a radical review of local

government structures has not generally been well made. As your leader recognises, the existing two-tier structure of districts and counties, far from resulting in a duplication of responsibilities, combines to provide locally sensitive service delivery and accountable strategic decision-making. The early signs are that the commission is attaching insufficient weight to the status quo as an option.

The final decision, remains, of course, in the government's hands. The environment secretary John Gummer, could with advantage remember the environmental benefits of the current system.

Fiona Reynolds, director, Council for the Protection of Rural England, Warwick House, 25 Buckingham Palace Road, London SW1W 0PP

Independence and objectives of a central bank

From Mr Christopher Johnson. Sir, Samuel Brittan writes (Economic Viewpoint, June 17): "I would give central banks responsibility for avoiding deflation as well as inflation." This is exactly what the US Federal Reserve already has. As the nation's central bank, it attempts to ensure that

growth in money and credit over the long run is sufficient to encourage growth in the economy in line with its potential and with reasonable price stability. In the short run the Federal Reserve seeks to adapt its policies to combat deflationary or inflationary pressures as they may arise." (The Federal

Reserve System: Purposes and Functions. Board of Governors, Washington DC, 1984.)

The independence of the central bank and its policy objectives are thus two separate questions. A non-independent central bank can be given price stability as its sole objective, and an independent central

bank can be given objectives other than price stability. The current debate often fails to recognise this point. Christopher Johnson, UK adviser, Association for the Monetary Union of Europe, 39 Wood Lane, London N6 5UD

Hardship committee is not the real answer

From Mr Christopher Saunders.

Sir, Mr Hamilton Stutt's letter (June 1) summed up the inequity of what Lloyd's is attempting to put over on the ruined Names. Mr Michael Wade, a working Name and market practitioner, on the other hand does not seem to appreciate the real size of the problem (Letters, June 2).

It is possible, though unlikely, that he has suffered the level of loss that I and probably Mr Stutt have had to endure. My Lloyd's accounts and estimates show I have lost at least £1.1m in the four years of account to December 1990, and when final results are out undoubtedly still more. This, on a premium limit averaging £383,000, is a hit rich. It could take all my assets and more. Multiple exposure to Gooda Walker and Feltrim has done it, as for many others. It looked like diversification but was not. The Lime St members agency (involuntary liquidation) chose my syndicates with Lloyd's full knowledge.

The business plan following the task force report seeks to

show how this kind of personal catastrophe should be impossible under the regime of the future. It seems significant that in arguing for the changes very damaging admissions are made, explicitly and implicitly, about failure to regulate the market in the past.

So some of us are amazed that it is taking so long to produce a better answer than the hardship committee (really a debt collector). If nothing else is done, like Samson blinded, we are quite prepared to pull down the pillars of the Phillips' temple. But if sensible arrangements are made to take care of the negligent or perhaps illegal parts of our losses, then we will gladly co-operate and so help Lloyd's to continue and trade profitably.

Interestingly, the proposed 80 per cent high level stop loss scheme would have paid £735,000 of my losses had it been in place. Perhaps that suggests a solution? Christopher Saunders, Nine Wells House, Great Shelford, Cambridge CB2 5JY

COMPANY NEWS: UK

Ex-employees deny wrongdoing

Court order for US arm of Pilkington

By Damian Fraser in New York

LIBBEY-Owens-Ford, the US subsidiary of Pilkington, has obtained a court order preventing sensitive internal information that had allegedly been fraudulently acquired from being damaged or misused.

The order came after Lof alleged in a US court that its former chief executive and two executive vice-presidents had conspired with an Ohio University business professor, Clarence Martin, to give data-processing contracts to a company they jointly controlled, Compu-Tech Management. CTM allegedly charged some \$3m (£2m) in unwarranted consulting fees for managing the information, described as Lof's "central nervous system".

Mr Ronald Skeddle, former chief executive, and Mr Edward Bryant and Mr Darryl Costin, vice-presidents, were fired from Lof last month. Pilkington then said that the problem did not involve "a major financial loss" and that Lof's customers and operations were not affected.

The former executives, named in court rather than in court papers, and Mr Martin, have through their lawyers denied any wrongdoing.

Lof has further alleged that in or around March 1991 the defendants "conspired to create a scheme to acquire valuable gas wells owned by Lof at an artificially low price and to thereby convert the assets of Lof to their own use and enjoyment." In March the defendants allegedly channelled a leasing contract for robots to a company controlled by Mr Martin, at an "exorbitant lease rate grossly in excess of fair market value leasing rates", the court paper said.

Lof has demanded the defendants pay compensatory and punitive damages, return illicit profits, and rescind contracts with their former company.

Celsis expected to raise up to £20m in flotation

By Richard Gourlay

A BIO-SCIENCE company that hopes to replace the 100-year-old agar plate technology for detecting and identifying microbial contamination is due to join the market next month through a placing and intermediaries offer.

Celsis has never made a profit and its digital testing product is still in development. But the Cambridge Science Park company is expected to raise up to £20m and have a market capitalisation of some \$60m.

The group will be headed by Mr Tony Martin, chief executive, formerly a director of British Bio-technology, and chaired by Mr John Precious,

finance director of Wellcome. The company's founders, Mr Chris Evans and Mr John Morris, will become non-executive directors.

Celsis says its system can reduce the time taken to test and identify microbes in medicines, food and cosmetics from up to a week to as little as eight hours. The detection relies on bioluminescence measurement of light emitted when the firefly luciferase enzyme reacts with Adenosine Triphosphate (ATP), which is contained in all living cells.

The company will use the net proceeds from the float - £13.5m if Celsis raises £20m - for research and development and to set up a marketing team and financial control systems.

Bimec shares fall on warning of rising losses

Shares in Bimec Industries were halved from 84p to 4p yesterday as the engineering and waste treatment group announced that losses for the year to March 31 would be "materially higher than that shown at the half-year" and there would be "a significant excess of liabilities over assets", writes Peter Pearce.

At half-time, pre-tax losses totalled £7.8m (profits £3m). Mr Barber, the company doctor brought in to replace Mr Sam Smith as chairman and chief executive in September, said that, although Aero & Industrial Technology, the gas turbine combustion company he was most keen to dispose of, had been "reduced and reorganised into a good company", so far it had not been possible to find a buyer.

Accordingly, there had been "no material improvement in the net cash position," he said, and without Lloyds Bank's support, Bimec would be "in peril". It employs 1,000 people, down 500 since he joined.

Cairn Energy raising \$25m for development

By Deborah Hargreaves

Cairn Energy, the oil and gas exploration company, is selling 4.75m new shares in its US subsidiary as well as up to 1m existing shares in an offer that is expected to raise up to \$25m (£16.6m).

Mr Bill Gammell, chief executive, said the US company would use the proceeds to develop a 200m cu ft gas discovery recently made in the Gulf of Mexico. "The discovery meant that the US part was becoming the major area of our business and we wanted to use the share sale to re-balance the group," he said.

The receipts from the sale will also be used to repay debts of \$2.6m to Cairn and \$3.6m to its parent in redemption of preferred stock. These payments, together with the proceeds from the sale of Cairn's shares, will leave the company with \$11.2m which it plans to use for developing its current interests and for future investment.

N Ireland Electricity subscribed 3.9 times

By Angus Foster

THE SHARE offer for Northern Ireland Electricity, the last of the regional electricity companies to be privatised, has been subscribed 3.9 times. Following a clawback of shares from institutions, the public offer was still subscribed 2.7 times.

All registered customers have been allocated some shares, and those applying for up to 300 shares received a full allocation.

Customers who applied for 15,000 shares and above have been allocated 10 per cent of their application if they applied through a share shop, and 8 per cent if they applied elsewhere. Non-customers who applied for 1,500 or more have not been allocated shares.

Dealings should start on Monday. Interim certificates are due to be despatched next Thursday.

Rentokil fails to secure more Securiguard

Rentokil, the property and environmental services company, has again extended its offer for Securiguard until June 25. By the second closing date yesterday, Rentokil had received acceptances representing about 1.35 per cent of Securiguard's shares, unchanged on a week ago.

Securiguard has urged shareholders to continue to reject the offer, which it described as "ridiculously low".

Bridgend falls £3m into red

Bridgend Group, which has interests in distribution and leisure, incurred a pre-tax loss of £3.08m for the 1992 year on turnover of £15.75m. The result was after a property revaluation charge of £3.38m.

In the previous year profits were £900,000 on turnover of £17.5m. There was a turnaround from interest received of £22,000 to a charge of £179,000.

There was also an extraordinary charge of £525,000 (£569,000) relating to discontinuing the property division. The retained loss was £3.82m (£213,000).

Losses per share came out at 11.5p (earnings 2.2p). A final dividend of 0.2p is proposed for a total of 0.4p (1.2p).

TV-am was outbid for its franchise by Good Morning Television and ceased broadcasting on January 1. The original intention had been to go for a voluntary liquidation and distribute to shareholders the remaining assets of between £12m and £15m.

Mr Richard Redmayne of stockbrokers Smith New Court and one of five remaining TV-am directors, said the company had begun exploring the improved market for "shell companies".

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Outspoken champion of manufacturing

Chris Tighe on Crabtree's approach to the market

ONE OF Britain's most vociferous champions of manufacturing industry will see dealings start on Monday in the shares of Crabtree, the Gateshead-based metal decorating printing press producer of which he is chairman.

Mr Karl Watkin has a reputation for outspokenness in criticising what he sees as lack of government commitment to manufacturing. Legend has it that he called Mr Peter Lilley a "little pillock" when the hapless politician toured Crabtree in his days as Trade and Industry secretary.

However, Mr Watkin, 37, whose maxim is "why boys get now" - has put his effort where his mouth is. Since he and Mr Matt Cooper, his partner, staged a £3.6m management buy-out of Crabtree from Vickers in 1986, they have turned it from a company losing £8,000 a day into a profitable exporter selling more than 80 per cent of output to more than 60 countries.

For Crabtree's flotation Mr Watkin has warranted that it

will make £3m pre-tax profit in the year ending September. Turnover is expected to be just over £20m.

The company, which counts only Mailänder of Germany and Daihpon Ink and Chemicals of Japan as major competitors, designs, produces and installs presses for decorating tinplate and aluminium. An estimated 1,500 machines worldwide provide a profitable income stream from maintenance, repairs and spares.

Crabtree's flotation, via a reversal into Somerset Trust, a quoted investment trust, aims to fund acquisitions in the capital equipment sector. Mr Watkin says "We're looking for a company with a substantial turnover, £40m-£100m, currently washing its face, exporting, but with a potential to be world class."

Somerset's £19.4m acquisition of Crabtree, plus £1m of working capital, consists of the issue of 55m shares to the vendors, plus £8.4m of loan notes and a £5m cash payment.

Credit Lyonnais Laing's placing of 6.7m new ordinary

shares at 150p each, to raise £10m, was enthusiastically received by institutional investors. The 3-for-1 rights issue of 3.6m shares, also at 150p each, to raise £5.4m, is fully underwritten by Hill Samuel. The Somerset EGM on Monday to vote on the reverse takeover, under which the trust will be renamed Crabtree Group, is expected to be a formality.

Mr Watkin, Mr Cooper and the other existing shareholders, Mr Richard Oury, will hold 12.7 per cent, 7.6 per cent and 2.3 per cent respectively of the enlarged share capital. Mr Stephen Hargrave and Mr Luke Johnson, who acquired 28.9 per cent of Somerset last summer with a view to an acquisition by reverse takeover, will have 2.5 per cent. Mr Watkin and Mr Cooper will remain at the helm of a strengthened management team.

Recently, Mr Watkin launched a high-profile campaign to urge north-east England manufacturers to do their bit for the country's export and to put manufacturing at the forefront of their minds.



Karl Watkin: has turned Crabtree into a profitable exporter

paign signifies a shift in his view of who is to blame for Britain's manufacturing decline - not only the government and the banks, but all of us.

"It's just complacency. We've got too fat and lazy. We as a country haven't got a culture that puts manufacturing at the

front of our minds." What institutional investors will make of Mr Watkin's bluntness remains to be seen. He acknowledges he now has investors to please but anticipates no problem. "I'm more than happy so far with what's been said to me by institutional investors," he says.

Electronic Data slips to £2.34m

By Paul Taylor

ELECTRONIC DATA Processing, the Sheffield-based computer software and services group, reported flat interim profits yesterday. At the same time, the company announced two new software products underlining its shift in focus to higher margin software publishing.

Pre-tax profits in the six months to March 31 slipped from £2.41m to £2.34m, on turnover which declined to £7.35m (£7.47m).

The slight fall in turnover came despite a first time contribution of \$400,000 from the group's two new US acquisitions, Via Systems and Open, acquired in November, which partly offset an 8 per cent decline in UK turnover reflecting the continued slide

in hardware prices.

Operating profit from existing operations edged ahead to £2.05m (£2.04m), but was offset by an £11,000 loss posted by the recent acquisitions and a decline in net interest received which fell to £300,000 (£366,000).

EDP has been refocusing its business away from low margin hardware distribution, which accounted for about 40 per cent of turnover in the latest period, towards software publishing and services.

Service revenues, which include both equipment maintenance fees and recurring revenues through licensing the group's highly successful Merchant software for wholesale distributors, are now running at an annualised rate of £2m.

The company has invested heavily in research and development in recent years to design new software which will work with "open systems".

It has spent £2.5m developing UniVision, an advanced database management software product for PICK programmes, and Arion, a portable graphical user interface (GUI) programme initially developed by Via Systems.

Despite the continuing investment in R&D, the group ended March with cash balances of £10.4m and Mr Richard Jovitt, chief executive, said the group was still looking for possible acquisitions.

Earnings per share slipped to 18.07p (18.83p), out of which the group is paying an unchanged interim dividend of 3p per share.

Liberty Mutual invests £85m in London market

By Richard Lapper

Liberty Mutual, a Boston-based insurer, is to invest £85m in the London market subsidiary. The investment, which increases paid-up capital of the company from £15m to £100m, reflects increasing confidence by investors in the commercial insurance and reinsurance markets, after recent rises in rates.

Mr Dick Hazell, chairman of the UK subsidiary described the new investment as "timely". Mr Hazell, who was previously deputy chairman of the Lloyd's of London insurance market, said: "It represents an act of faith in the London market which, in view of the improving climate for insurance will prove amply justified".

Mr Mark Bodkin, another former Lloyd's underwriter, is to become managing director of the new company. Other senior underwriters are also being recruited.

The company is understood to be seeking to play a leading role in a number of market sectors - including marine reinsurance, aviation, property and casualty catastrophe business, from next year.

Cash alternative at TV-am

By Raymond Snoddy

A DIRECTOR of TV-am, the former breakfast television company, promised yesterday that if the company decided to move into the casino business, a cash alternative would be available to shareholders.

Mr Richard Redmayne of stockbrokers Smith New Court and one of five remaining TV-am directors, said the company had begun exploring the improved market for "shell companies".

TV-am was outbid for its franchise by Good Morning Television and ceased broadcasting on January 1. The original intention had been to go for a voluntary liquidation and distribute to shareholders the remaining assets of between £12m and £15m.

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Mr Redmayne emphasised that in such circumstances there would be a cash alternative for any TV-am shareholders who did not want shares in the new combined group. However, if the Crocford talks do not lead to a deal, another leisure group is in the wings.

The aim of the TV-am directors - as a trading entity the company no longer exists and doesn't even have a telephone - is to explore possibilities of adding to shareholder value while still retaining the liquidation option.

Vinten makes US acquisition

Vinten Group, the Suffolk-based camera mountings and systems, surveillance and electro-optics company, has acquired Total Spectrum Manufacturing, a US maker and supplier of remote controlled camera systems, for \$9.3m (£5.2m).

The consideration of 1.76m new ordinary shares are being placed with institutional investors at 35p per share.

TSM, a New York State private concern, made pre-tax profits of \$24,705 on turnover of \$5.4m in the 1991/92 year.

DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Current payment	Date of payment	Total for year	Total for year
Bankers Inv Trst	0.9	Aug 31	0.88	-	3.44	-
Booth Industries	0.1	Aug 31	0.7	-	3.2	-
Bridgend	0.2	Aug 12	0.8	0.4	1.2	-
Cambridge Water	1.15	Aug 3	7.0	170	115	-
Clarke Nicholas	0.1	Aug 3	0.1	0.1	0.3	-
Electronic Data	0.2	Aug 3	0.2	0.2	0.1	-
Emeret Water	0.1	Jul 30	34.3	74.5	34.3	-
Northern Investors	0.5	Jul 30	5	5.5	6.5	-
Sphere Inv Trst	0.75	Aug 31	0.75	-	3.1	-
Suffolk Water	23.8	Jul 30	21.5	47.5	21.5	-
Swan (John)	1.0	Aug 28	1.0	1.0	1.0	-
Total Systems	1.5	Aug 17	1.5	3	2.25	-

Dividends shown pence per share net except where otherwise stated. For increased capital, £100m stock, £500m interim.

LONDON RECENT ISSUES

EQUITIES											
Issue Price	Avr/Pr Final	Latter Session	1985		Stock	Closing Price	+or-	Net Diff	Times Gained	Per Share	Per Share
			High	Low							
125	FF	-	182	128	AG Holding	128	-	-25.25	1.9	6.1	11.1
126	FF	-	49	55	Bank for the Border	57	-	-	-	-	0.1
127	FF	-	109	93	Brussels-Agroparc	97	-1.00	-	-	-	-
25	100	FF	140	93	Chenier Int. (AL)	34	-	-	-	-	-
128	FF	-	109	93	Chenier Int. (AL)	34	-	-	-	-	-
129	FF	-	182	79	Dabidag Group	79	-	-	-	-	-
40	200	FF	155	123	Dedidag Group	123	-1.00	-	-	-	-
130	FF	-	155	123	Dedidag Group	123	-	-	-	-	-
131	FF	-	155	123	Dedidag Group	123	-	-	-	-	-
132	FF	-	155	123	Dedidag Group	123	-	-	-	-	-
133	FF	-	155	123	Dedidag Group	123	-	-	-	-	-
134	FF	-	155	123	Dedidag Group	123	-	-	-	-	-
135	FF	-	155	123	Dedidag Group	123	-	-	-	-	-
136	FF	-	155	123	Dedidag Group	123	-	-	-	-	-
137	FF	-	155	123	Dedidag Group	123	-	-	-	-	-
138	FF	-	155	123	Dedidag Group	123	-	-	-	-	-
139	FF	-	155	123	Dedidag Group	123	-	-	-	-	-
140	FF	-	155	123	Dedidag Group	123	-	-	-	-	-
141	FF	-	155	123	Dedidag Group	123	-	-	-	-	-
142	FF	-	155	123	Dedidag Group	123	-	-	-	-	-
143	FF	-	155	123	Dedidag Group	123	-	-	-	-	-
144	FF	-	155	123	Dedidag Group	123	-	-	-	-	-
145	FF	-	155	123	Dedidag Group	123	-	-	-	-	-
146	FF	-	155	123	Dedidag Group	123	-	-	-	-	-
147	FF	-	155	123	Dedidag Group	123	-	-	-	-	-
148	FF	-	155	123	Dedidag Group	123	-	-	-	-	-
149	FF	-	155	123	Dedidag Group	123	-	-	-	-	-
150	FF	-	155	123	Dedidag Group	123	-	-	-	-	-

M T W T F S S



ECONOMIC DIARY

TODAY: European Community Socialist Party leaders hold summit meeting in Copenhagen (until June 20).
MONDAY: Start of two-day European Council summit meeting in Copenhagen. Agenda includes progress report by economy and finance ministers on European Community growth initiative, long-term economic future, future relations with central and eastern Europe and implementation of the Maastricht Treaty (until June 22). National food survey; household food consumption (first quarter). Balance of trade with countries outside the European Community (May). European parliament in session in Strasbourg (until June 25). British Steel results.

TUESDAY: Quarterly national accounts (first quarter). United Kingdom balance of payments (first quarter). Cross border acquisitions and mergers (first quarter). International banking statistics (first quarter). US durable goods (May); final estimate of gross domestic product during the first quarter and revised figures for corporate profits (first quarter). Mr Paul Rasmussen, Danish prime minister, and Mr Jacques Delors, European Commission president, to address European parliament on the outcome of the European Community summit in Copenhagen. Start of two-day ministerial meeting of the Uruguay Round of world trade talks in Japan.

THURSDAY: Energy trends (April). Engineering sales and orders at constant prices (April). New vehicle registrations (May). US jobless claims. European Community fisheries council meets in Luxembourg. Interfirms from Lomho and TSB Group. CBI monthly trends enquiry (June). Capital expenditure and stockbuilding (first quarter). European Community energy council meets in Luxembourg. Democracy Negotiating Forum meets in Johannesburg. Global Forum 94 environmental conference in London.

LIFFE EQUITY OPTIONS

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INTERNATIONAL COMPANIES AND FINANCE

Raid on Miramar shares may herald takeover war

By Simon Holberton
in Hong Kong

A TAKEOVER battle for Miramar Hotel and Investment between some of Hong Kong's biggest property market participants appeared likely last night when Henderson Investment told the Hong Kong stock exchange it had acquired an interest in the company.

Henderson's raid on Miramar came as Mr. Li Ka-shing's Cheung Kong and Citic Pacific, Beijing's stock market listed vehicle in the colony, raised the value of their offer for the company by HK\$550m to HK\$9.25bn (US\$1.19bn) in an attempt to placate a disgruntled Miramar board.

Miramar is seen by property analysts in Hong Kong as

being one of the best companies with access to the colony's tightly held property market. The company has extensive land holdings on the Kowloon peninsula which are seen by analysts as ideal for redevelopment.

It owns the 500-room Miramar Hotel in Tsimshatsui, Kowloon's main tourist district, as well as 900,000 sq ft of office space. Analysts believe either or both properties could be redeveloped to increase lettable space and to tap the growing market for strata titled (joint ownership) office space.

It was unclear last night how much of Miramar Henderson Investment had acquired. Talk in Hong Kong's stock market put the interest above 30 per cent. If so, this would indicate

that Miramar's two substantial shareholders had accepted Henderson's offer.

Cheung Kong and Citic Pacific were forced to raise their offer for Miramar shares by HK\$1 to HK\$1.65 a share, and by HK\$1 to HK\$3.50 for the company's warrants.

The two came under pressure to raise their bid - which was announced on June 10 - after a senior executive of Miramar rejected the offer claiming it was "unfriendly" and asserted the company was worth HK\$20 a share.

Additionally, the company's share price has consistently traded above the offer price. Miramar, which was suspended from trading yesterday, ended Thursday's trading at HK\$16.20.

Sculley refines role at Apple

By Louise Kehoe
in San Francisco

MR John Sculley, chairman and chief executive of Apple Computer and one of the most widely known executives in the computer industry, will stand down as chief executive to focus on new business opportunities for the personal computer company.

Apple announced yesterday that Mr. Michael Spindler, formerly president and chief operating officer, will become chief executive while Mr. Sculley will remain chairman.

The announcement follows widespread speculation that Mr. Sculley might be planning to leave Apple after 10 years with the company. Earlier this year, Mr. Sculley was considered for the post of chairman and chief executive of IBM, but IBM rejected his proposal to merge parts of IBM with Apple and sell off other portions of IBM.

Rapid Renault-Volvo merger urged

By David Buchanan in Paris

A RAPID merger between Renault and Volvo is "indispensable" for the development and privatisation of the French car company, Mr. G  rard Longuet, France's industry minister, said yesterday.

But the two companies, which have had cross shareholdings in each other since 1991, and the French state, which owns 80 per cent of Renault, are still deep in negotiation over the balance of power between French and Swedish interests. A conclusion to these negotiations is unlikely before next month.

The key issue for Renault and its state owner is whether

and in what proportion French institutional investors might be brought in as a counterweight to Volvo, before the rest of the state's holding in Renault is sold off to the French public.

Last month Renault was put on the Balladur government's list of 21 companies to be privatised over the next few years.

Renault and Volvo have had significant industrial success in bringing their management, production planning, design and purchasing together since 1990-1991.

The government's general privatisation bill, now before parliament, has advanced the merger discussions, because

the bill would also remove the 25 per cent limit on private shareholdings in Renault. At present, AB Volvo, the Swedish car company's holding group, has 20 per cent of Renault, which in turn has 8 per cent of AB Volvo, and both companies hold sizeable stakes in each other's individual car and truck operations.

Passage of the privatisation bill, expected in mid-July, would not only allow Volvo to raise its stake in Renault, but also permit some big French investors to enter into its capital.

The French privatisation practice has been to arrange *royaute durs*, or groups of theoretically long term sharehold-

ers, before floating the rest of state companies off on the stock market.

Volvo said yesterday it had been aware for some time that the French government was considering some kind of golden share or core group of investors in Renault after privatisation. It added: "We cannot comment on the issue of changes in ownership at Renault."

Mr. Longuet also yesterday expressed his impatience with another privatisation candidate, Groupe Bull. He said the state-controlled computer company had still not produced a "tough enough" business plan to show it could do without recurrent French state aid.

Litton Industries spins off arm

By Martin Dickson
in New York

LITTON Industries yesterday joined the trend for US companies to spin-off large subsidiaries as separately quoted businesses when it announced plans to establish a commercial company independent from its defence and aerospace operations.

The move was warmly welcomed on Wall Street, where Litton's stock rose more than 13 per cent in morning trading on the New York Stock Exchange, to stand at \$64.40, up 57¢ at lunchtime.

Litton said the new company would include its oilfield information services and industrial

automation businesses and would have annual revenues of around \$2bn.

Shares in the new company would be distributed to holders of Litton's common stock and the deal should be completed before the end of 1993.

Analysts said the commercial company, whose subsidiaries have strong positions in their respective markets, would enjoy a stock market rating much superior to that of the group as a whole.

The move is somewhat unusual for a defence company, since most businesses in this sector, faced with declining Pentagon spending, have been seeking to diversify into commercial operations to bolster

profits. Another exception to this trend is General Dynamics, which has aggressively sold off commercial businesses to concentrate on its core defence operations.

Mr. Alton Brann, Litton chief executive, said growing commercial markets and the consolidating defence industry demand different corporate strategies. By responding to each separately, "both our businesses will benefit, as should our shareholders."

Some 60 per cent of the new company's revenues will come from oil services, where its Western Atlas business is a top supplier of seismic, well logging and reservoir information.

Mr. Sculley has been grooming Mr. Spindler as his successor for the past two years. Mr. Spindler was appointed Apple president and chief operating officer in 1990 in charge of Apple's day-to-day operations. A year later he joined the board of directors.

Mr. Sculley has long played a central role in Apple's corporate strategy and is credited by close associates with having been the "management strength behind Sculley's vision". In his new role as chief executive, however, Mr. Spindler will be thrust into the public eye far more than in the past.

The smooth management transition at Apple is in sharp contrast to the drama surrounding Mr. Sculley's appointment as chairman in 1986 when Apple co-founder Mr. Steve Jobs was ousted in a boardroom coup.

Toyota unveils cost-cutting plan

By William Dawkins and
Michio Nakamoto in Tokyo

TOYOTA, Japan's largest car group, will reduce the number of styles on individual models and standardise some components to curb costs.

The group might also review investment plans and seek cuts in administrative expenses, but did not plan any job reductions, said Mr. Taisuro Toyoda, president.

This is the latest example of the Japanese car industry's attempts to slim costs in line with depressed demand, down 10 per cent there last month. It indicates that European and US carmakers will be hard put to close the cost gap between themselves and their Japanese competitors as they take an axe to their own workforces.



Taisuro Toyoda: no need to cut the 74,000-strong workforce

However, Mr. Toyoda believed "the gap between relative costs won't be so wide," on export markets because of the impact of the yen's strength.

"Over the past five years, we might have set too high a sales target and increased variations of sales perhaps too drastically," said Mr. Toyoda.

Yet he saw no need to reduce the 74,000 workforce since Toyota had a labour shortage only three years ago and could well have one again in the future. Instead, Mr. Toyoda was seeking to reduce average annual working time from 2,300 hours to 1,900 hours "more in line with international norms," he said.

Mr. Toyoda expected the

group's overseas production to grow from 800,000 units to 1.5m units over the next few years, some of which would replace exports from Japan, rather than being additional output. The group's world output was 3.9m units last year, of which 1.7m were exported.

● Mitsubishi Motors, the Japanese carmaker, will use engines and transmissions manufactured by Chrysler in its US-made cars for the first time and plans to export cars made in the US to Europe from next spring.

The move comes as Japanese carmakers have been hit hard by the rapid appreciation of the yen, which has reduced their competitiveness by forcing many to raise prices overseas.

The Japanese carmakers are also restricted by an agreement between Japan and the EC to restrict Japanese car exports to the Community to a mutually agreed level until 1998. Mitsubishi hopes to sell 10,000 annually of its cars which will use Chrysler engines and transmissions.

New system for Nordic securities

By Hilary Barnes
in Copenhagen

THE stock exchanges of Sweden, Norway, Denmark and Finland have agreed to establish Nordquote, a common Nordic securities trading system.

By bringing the four, relatively small stock markets together, the Nordic exchanges hope that it will make their markets more attractive and stop the tendency for trading volume to drift away to London, said Mr. Bent Mebus, managing director of the Copenhagen Stock Exchange.

Initially, Nordquote will include about 20 shares, but Mr. Mebus said he expected that as the system develops around 100 Nordic blue-chip shares in which there is a "significant international interest" will be traded through the system.

Mr. Mebus said that as far as he knew this was the first time that the stock exchanges of different countries had agreed to establish a joint trading system, an aim which has so far eluded other European stock exchanges.

Nordquote will be open only to Nordic brokers. It means that an outside investor will only have to contact one Nordic broker in order to trade in the shares of any one of the four countries.

Gerresheimer issues operating loss warning

GERRESHEIMER, the German glass manufacturer, is heading for an operating loss this year after a "sharply negative" result in the first half, Mr. Gunther Berger, chairman, said yesterday, writes Christopher Parkes.

The company, which cut its 1992 dividend to DM5 from DM11 the year before after net earnings fell two thirds to DM31m (\$19m), has closed two works so far this year. Provisions had already been made to cover the costs of a further closure planned for later this year, Mr. Berger told the annual meeting.

Turnover in the first six months, affected by recession and the closure of two glass plants last autumn, fell 8 per cent to DM691m, he said.

New managing director at Monte dei Paschi di Siena

By Haig Simonian
in Milan

MONTE dei Paschi di Siena, the oldest bank in the world and once a byword for conservative lending and low profile finance, has appointed a new managing director, a month after four executives were implicated in corruption allegations.

The election of Mr. Vincenzo Pennarola, a long-standing manager, marks the latest step in a drama which has shaken Siena and cast new doubts on the cosy relationships between bank executives, the town council and the wider world of Tuscan finance.

Matters changed when police arrested members of the bank board on corruption

charges last month. The detentions were soon followed by warnings to Mr. Carlo Zini, chief executive, that he, too, was under investigation.

Mr. Zini announced his readiness to step down earlier this month. As his successor has to be chosen by the Italian treasury - headed, ironically, by the bank's former chairman, Mr. Piero Barucci - the sense of expectation rose pending an announcement.

Last week, the government committee responsible publicly passed the buck to Siena itself.

Monte dei Paschi has an unusually close relationship with its home town, based on the fact that it is indirectly controlled by the city and deeply rooted in urban tradition.

Mr. Spindler has been grooming Mr. Spindler as his successor for the past two years. Mr. Spindler was appointed Apple president and chief operating officer in 1990 in charge of Apple's day-to-day operations. A year later he joined the board of directors.

Mr. Sculley has long played a central role in Apple's corporate strategy and is credited by close associates with having been the "management strength behind Sculley's vision". In his new role as chief executive, however, Mr. Spindler will be thrust into the public eye far more than in the past.

The smooth management transition at Apple is in sharp contrast to the drama surrounding Mr. Sculley's appointment as chairman in 1986 when Apple co-founder Mr. Steve Jobs was ousted in a boardroom coup.

Kugelfischer unit in liquidation

By Christopher Parkes
in Frankfurt

EASTERN Germany's fragile industrial base suffered a telling blow yesterday when Kugelfischer, the bearings group, put its crippled Leipzig-based subsidiary into liquidation.

Deutsche Kugelfischerfabriken Leipzig, which employs more than 2,000 people in four factories, had failed to obtain further public or private backing, and was unable to meet its obligations, the management said.

The Treuhand privatisation agency which sold the east German company to Kugelfischer three years ago, said it

was the worst corporate collapse in its experience, although other privatised companies were in difficulties.

Kugelfischer had offered to give DKKF back to the agency, but there was no contractual or legal basis for its return, the Treuhand said.

Kugelfischer, which supplies bearings to most of German industry, lost DM439m (\$265m) last year, while the deficit within the German parent concern soared to DM630m after a DM4m net profit in 1991.

A restructuring plan launched at the start of this year originally proposed the elimination of 5,000 of the group's 23,000 jobs and the sale of non-core businesses

employing a further 6,500.

Following the appointment of Mr. Kajo Neukirchen, a company consultant, Kugelfischer took an even tougher line on costs and overheads, planning to close or sell more than half its complement of 17 factories, affecting 7,550 employees.

Kugelfischer said last month that there was no solution in sight for DKKF, formerly one of the biggest bearings makers in the eastern bloc. In 1991, the last year for which full figures are available, it lost DM142m on sales of DM131m. In 1992, losses were about DM300m.

Kugelfischer was one of the first of Germany's industrial companies to feel the effects of international recession.

Correction

MCI Communications' net income in 1992 was \$608m, not \$651m in 1991. These figures were wrongly described as pre-tax profits in Thursday's edition.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1993	Low 1993
Gold per troy oz.	\$372.25	+1.1	\$358.25	\$379.75	\$326.05
Silver per troy oz.	293.50p	+0.15	291.90p	299.00p	236.00p
Aluminium 50 lb (cash)	\$1204.75	+22.25	\$1208.5	\$1235.5	\$1108
Copper Grade A (cash)	\$1246.25	+35.0	\$1216.5	\$1263.5	\$1108.5
Nickel (cash)	\$273.5	+3.75	\$270.5	\$290	\$225.75
Lead (cash)	\$562.5	+7.5	\$575.0	\$634.0	\$525.0
Zinc SHG (cash)	\$549.5	+15.0	\$513.5	\$511.2	\$461.5
Tin (cash)	\$524.0	+10	\$507.5	\$504.75	\$509.75
Cocoa Futures (Sep)	\$715	+35	\$576	\$751	\$693
Coffee Futures (Sep)	\$830	+26	\$782	\$885	\$636
Sugar (LDP Nov)	\$277.5	-0.5	\$274.4	\$287.5	\$264.5
Barley Futures (Nov)	\$107.25	-0.65	\$107.20	\$110.30	\$105.30
Wheat Futures (May)	\$134.50	+0.50	\$131.25	\$148.45	\$133.85
Cotton Outlook A Index	\$62.50	-0.25	\$62.50	\$62.35	\$47.50
Wool (40s Super)	\$37p	-	\$34p	\$40p	\$40p
Oil (Brent Blend)	\$17.45x	-	\$20.375	\$18.53	\$16.65

For terms unless otherwise stated, p=per cent, c=cents, b=bu, x=Aug.

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HEATING OIL 42,000 US gals, cents/US gals				
	Latest	Previous	High/Low	
Jul	52.10	51.98	52.25	51.80
Aug	52.85	52.70	52.95	52.50
Sep	53.08	53.00	53.90	53.00
Oct	54.80	54.90	54.90	54.70
Nov	56.00	56.67	56.10	55.75
Dec	57.02	57.00	57.25	56.50
Jan	57.60	57.25	57.25	56.50
Feb	57.50	57.45	57.60	57.35
Mar	56.50	56.40	56.50	56.40
Apr	55.50	55.25	55.60	55.35
COOQCA 10 tonnes/Previous				
	Close	Previous	High/Low	
Jul	907	898	910	891
Sep	926	915	930	915
Dec	960	948	964	953
Mar	985	985	985	965

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Long-awaited dollar move

THE DOLLAR broke through the critical DM1.67 level against the D-Mark yesterday, touching a 15-month high against the German currency, and looking well set for a strategic move upwards, writes James Blitz.

Yesterday's move in the dollar was the most important event in the currency markets this year. The dollar has been trapped in a range of DM1.67 over the last six months, and has made several attempts to breach the DM1.67 level.

There was a strong feeling among analysts yesterday that the dollar could now hit DM1.72 or even DM1.80 in the near term, after closing in London at DM1.6900, some 2 1/2 pence up on the day.

The currency's move came against the background of a weak D-Mark, which dropped in value against most European currencies amid concern over the deteriorating state of

the German economy and the budget deficit.

However, the market may have been moved by comments from officials in the US and Germany which suggested that the interest rate differential between the two countries is set to narrow, placing higher value on dollar investments.

Mr Horst Schulmann, a Bundesbank council member, said on Thursday night that German inflation was easing, and that the Bundesbank could continue its rate-cutting policy.

Two Federal Reserve governors were also reported to have made hawkish noises on US inflation.

Sentiment towards the dollar was very strong, but Mr Steve Hannah, an economist at IBI International, said that the dollar could come down again if the outlook on interest rates appeared to have been backed by modest volumes.

"Some of our dealers would like to have seen bigger flows," said one London-based analyst.

Yesterday's move in the dollar added muscle to the extraordinary reversal in the yen following the resignation of Mr Kiichi Miyazawa as Japanese prime minister.

After opening in London at about ¥107.80 to the dollar, the yen yesterday tumbled nearly 2 per cent in value to a low of ¥109.47 and remained at those levels at the European close.

Mr Neil MacKinnon, chief currency strategist at Citibank, believes that this is a short-term reversal and that the upheaval in Japanese politics could even be seen in a positive light.

The D-Mark was beleaguered in Europe, falling to minus 29 on its divergence indicator in the European Exchange Rate Mechanism. The French franc traded below FF3.36 to the D-Mark while sterling closed 1/4 pence higher at DM2.5125.

FINANCIAL FUTURES AND OPTIONS

LIFE LONG TERM FUTURES OPTIONS									
SPR 1m points of 100%									
Strike	Call	Put	Call	Put	Call	Put	Call	Put	Call
100	2.41	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11
101	2.12	0.27	0.27	0.27	0.27	0.27	0.27	0.27	0.27
102	1.83	0.43	0.43	0.43	0.43	0.43	0.43	0.43	0.43
103	1.54	0.59	0.59	0.59	0.59	0.59	0.59	0.59	0.59
104	1.25	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
105	0.96	0.91	0.91	0.91	0.91	0.91	0.91	0.91	0.91
106	0.67	1.07	1.07	1.07	1.07	1.07	1.07	1.07	1.07
107	0.38	1.23	1.23	1.23	1.23	1.23	1.23	1.23	1.23
108	0.09	1.39	1.39	1.39	1.39	1.39	1.39	1.39	1.39
109	0.00	1.55	1.55	1.55	1.55	1.55	1.55	1.55	1.55
110	0.00	1.71	1.71	1.71	1.71	1.71	1.71	1.71	1.71

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Strike	Call	Put	Call	Put	Call	Put	Call	Put	Call
100	2.41	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11
101	2.12	0.27	0.27	0.27	0.27	0.27	0.27	0.27	0.27
102	1.83	0.43	0.43	0.43	0.43	0.43	0.43	0.43	0.43
103	1.54	0.59	0.59	0.59	0.59	0.59	0.59	0.59	0.59
104	1.25	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
105	0.96	0.91	0.91	0.91	0.91	0.91	0.91	0.91	0.91
106	0.67	1.07	1.07	1.07	1.07	1.07	1.07	1.07	1.07
107	0.38	1.23	1.23	1.23	1.23	1.23	1.23	1.23	1.23
108	0.09	1.39	1.39	1.39	1.39	1.39	1.39	1.39	1.39
109	0.00	1.55	1.55	1.55	1.55	1.55	1.55	1.55	1.55
110	0.00	1.71	1.71	1.71	1.71	1.71	1.71	1.71	1.71

Estimated volume 5099 (91739)					CASH	
Previous day's open int. 52259 (95336)					COIN	
Jan 91.20 61.22 91.27 91.13					CASH	
FT-SE 100 INDEX					CASH	
125 per 100 index					CASH	
	Close	High	Low	Prev.	CASH	
Jan	2582.0	2591.0	2581.5	2578.0	CASH	
Jan	2582.0	2591.0	2581.5	2581.5	CASH	
Jan	2582.0	2591.0	2581.5	2581.5	CASH	
Estimated volume 12785 (10618)					CASH	
Previous day's open int. 61255 (15478)					CASH	
Contracts traded or APT. Closing prices shown.						

LIABILITIES	
Cash	
Capital Deposits	
Borrowers Deposits	
Reserves and other Accounts	
ASSETS	
Government Securities	
Notes and other Accounts	
Premium Equipment & other Data	
Advance	
Cash	

	Value	Unit
- Contd.		
-0.1	-0.1	
-0.2	-0.2	
-0.3	-0.3	
-0.4	-0.4	
-0.5	-0.5	
-0.6	-0.6	
-0.7	-0.7	
-0.8	-0.8	
-0.9	-0.9	
-1.0	-1.0	
-1.1	-1.1	
-1.2	-1.2	
-1.3	-1.3	
-1.4	-1.4	
-1.5	-1.5	
-1.6	-1.6	
-1.7	-1.7	
-1.8	-1.8	
-1.9	-1.9	
-2.0	-2.0	
-2.1	-2.1	
-2.2	-2.2	
-2.3	-2.3	
-2.4	-2.4	
-2.5	-2.5	
-2.6	-2.6	
-2.7	-2.7	
-2.8	-2.8	
-2.9	-2.9	
-3.0	-3.0	
-3.1	-3.1	
-3.2	-3.2	
-3.3	-3.3	
-3.4	-3.4	
-3.5	-3.5	
-3.6	-3.6	
-3.7	-3.7	
-3.8	-3.8	
-3.9	-3.9	
-4.0	-4.0	
-4.1	-4.1	
-4.2	-4.2	
-4.3	-4.3	
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-4.5	-4.5	
-4.6	-4.6	
-4.7	-4.7	
-4.8	-4.8	
-4.9	-4.9	
-5.0	-5.0	
-5.1	-5.1	
-5.2	-5.2	
-5.3	-5.3	
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-5.5	-5.5	
-5.6	-5.6	
-5.7	-5.7	
-5.8	-5.8	
-5.9	-5.9	
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-6.2	-6.2	
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-6.5	-6.5	
-6.6	-6.6	
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-6.8	-6.8	
-6.9	-6.9	
-7.0	-7.0	
-7.1	-7.1	
-7.2	-7.2	
-7.3	-7.3	
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-7.5	-7.5	
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-7.8	-7.8	
-7.9	-7.9	
-8.0	-8.0	
-8.1	-8.1	
-8.2	-8.2	
-8.3	-8.3	
-8.4	-8.4	
-8.5	-8.5	
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-9.0	-9.0	
-9.1	-9.1	
-9.2	-9.2	
-9.3	-9.3	
-9.4	-9.4	
-9.5	-9.5	
-9.6	-9.6	
-9.7	-9.7	
-9.8	-9.8	
-9.9	-9.9	
-10.0	-10.0	
-10.1	-10.1	
-10.2	-10.2	
-10.3	-10.3	
-10.4	-10.4	
-10.5	-10.5	
-10.6	-10.6	
-10.7	-10.7	
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-10.9	-10.9	
-11.0	-11.0	
-11.1	-11.1	
-11.2	-11.2	
-11.3	-11.3	
-11.4	-11.4	
-11.5	-11.5	
-11.6	-11.6	
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-11.9	-11.9	
-12.0	-12.0	
-12.1	-12.1	
-12.2	-12.2	
-12.3	-12.3	
-12.4	-12.4	
-12.5	-12.5	
-12.6	-12.6	
-12.7	-12.7	
-12.8	-12.8	
-12.9	-12.9	
-13.0	-13.0	
-13.1	-13.1	
-13.2	-13.2	

OFFSHORE INSURANCES

ISLE OF MAN (SIB RECORDS)

IRELAND (SIB RECOGNISED)

[illegible]

ISLE OF MAN (REGULATED)

[illegible]

JERSEY (SIB RECOGNISED) -

[illegible]

IRELAND (REGULATED)(*)

[illegible]**GUERNSEY (REGULATED)***[illegible]

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

	Vol	Cash	Sec	Other	+ or -
	Charge	Price	Price	Price	
Fidelity Money Funds					
Fidelity Inst. Portfolio, Newark					
Fid. Address 9000 Chevy					
Private Chevy 9000 634-91					
Firm Phone 646 735 7777					
10/1/83	100.00	100.00	100.00	100.00	100.00
10/2/83	100.00	100.00	100.00	100.00	100.00
10/3/83	100.00	100.00	100.00	100.00	100.00
10/4/83	100.00	100.00	100.00	100.00	100.00
10/5/83	100.00	100.00	100.00	100.00	100.00
10/6/83	100.00	100.00	100.00	100.00	100.00
10/7/83	100.00	100.00	100.00	100.00	100.00
10/8/83	100.00	100.00	100.00	100.00	100.00
10/9/83	100.00	100.00	100.00	100.00	100.00
10/10/83	100.00	100.00	100.00	100.00	100.00
10/11/83	100.00	100.00	100.00	100.00	100.00
10/12/83	100.00	100.00	100.00	100.00	100.00
10/13/83	100.00	100.00	100.00	100.00	100.00
10/14/83	100.00	100.00	100.00	100.00	100.00
10/15/83	100.00	100.00	100.00	100.00	100.00
10/16/83	100.00	100.00	100.00	100.00	100.00
10/17/83	100.00	100.00	100.00	100.00	100.00
10/18/83	100.00	100.00	100.00	100.00	100.00
10/19/83	100.00	100.00	100.00	100.00	100.00
10/20/83	100.00	100.00	100.00	100.00	100.00
10/21/83	100.00	100.00	100.00	100.00	100.00
10/22/83	100.00	100.00	100.00	100.00	100.00
10/23/83	100.00	100.00	100.00	100.00	100.00
10/24/83	100.00	100.00	100.00	100.00	100.00
10/25/83	100.00	100.00	100.00	100.00	100.00
10/26/83	100.00	100.00	100.00	100.00	100.00
10/27/83	100.00	100.00	100.00	100.00	100.00
10/28/83	100.00	100.00	100.00	100.00	100.00
10/29/83	100.00	100.00	100.00	100.00	100.00
10/30/83	100.00	100.00	100.00	100.00	100.00
10/31/83	100.00	100.00	100.00	100.00	100.00
11/1/83	100.00	100.00	100.00	100.00	100.00
11/2/83	100.00	100.00	100.00	100.00	100.00
11/3/83	100.00	100.00	100.00	100.00	100.00
11/4/83	100.00	100.00	100.00	100.00	100.00
11/5/83	100.00	100.00	100.00	100.00	100.00
11/6/83	100.00	100.00	100.00	100.00	100.00
11/7/83	100.00	100.00	100.00	100.00	100.00
11/8/83	100.00	100.00	100.00	100.00	100.00
11/9/83	100.00	100.00	100.00	100.00	100.00
11/10/83	100.00	100.00	100.00	100.00	100.00
11/11/83	100.00	100.00	100.00	100.00	100.00
11/12/83	100.00	100.00	100.00	100.00	100.00
11/13/83	100.00	100.00	100.00	100.00	100.00
11/14/83	100.00	100.00	100.00	100.00	100.00
11/15/83	100.00	100.00	100.00	100.00	100.00
11/16/83	100.00	100.00	100.00	100.00	100.00
11/17/83	100.00	100.00	100.00	100.00	100.00

CANADA (SIB RECOGNISED)[illegible]

GUERNSEY (SIB RECOGNISED)

[illegible]

GUERNSEY (SIB RECOGNISED)

[illegible]

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Selling

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Promis

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1. *Chlorophyll a* and *Chlorophyll b* were determined by the method of Arar and Collins (1971) using a Shimadzu 1010 spectrophotometer. The concentration of chlorophyll was expressed in mg g⁻¹ of dry weight.

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INVESTMENT TRUSTS - Con**HOTELS & LEISURE - Cont**

14-00000

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1990

3

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1970-71	38	11
1971-72	80	11

[illegible]

Cap _____ <input type="checkbox"/>	13 $\frac{1}{2}$	+1	13
Zero Div Pl _____	75 $\frac{1}{4}$	—	75

[illegible]

Smith hits at 'scandal' of Tory party financing

Nadir challenged to substantiate 'smears'

By Philip Stephens
Political Editor

THE GOVERNMENT yesterday challenged the fugitive businessman Mr Asil Nadir to substantiate his allegations about the role of ministers and the Conservative party in the demise of Polly Peck International.

In a move strongly endorsed by Mr John Major's office, Mr Michael Heseltine, trade and industry secretary, said that Mr Nadir should either end the "smears" or back them up.

Issuing a direct message to Mr Nadir, he said: "Don't let's get involved in allegations. Publish it. Stop smears. Publish what you believe to be evidence."

Amid a swirl of speculation at Westminster about the possible links of past or present ministers with Mr Nadir there was private acknowledgment that the constant flow of allegations was damaging the government.

One government minister suggested a thorough overhaul by Conservative Central Office of its fundraising procedures to tighten the rules on acceptance of company donations and to ensure greater transparency in the party's accounts.

He said: "Accepting the money from Nadir was an understandable mistake given his good reputation at the time. But some of the mud is bound to stick. We should not allow it to happen again." The party has refused to repay the £440,000 donated during the 1990s by Mr Nadir's companies.

Ministers also criticised the role of the media in publishing unsubstantiated allegations made by a fugitive from the British courts.

Mr John Smith, the Labour leader, sought to step up the pressure on the government by calling on Mr Major to intervene directly in the "scandal" of Tory

party financing. Mr Smith said the prime minister was legally responsible for the Conservative Party Organisation.

At the same time, as head of the government, it was his responsibility to close loopholes in the Companies Act which had allowed the Tory party to make loans rather than gifts and thus avoid the existing disclosure rules.

Mr Smith said that the practice proposed but then quickly abandoned by the Conservatives last year - was a "disgrace".

Senior Tory officials flatly rejected the notion that the party should be responsible for compliance by corporate donors with the legal requirement on companies to include political donations in published accounts.

The officials also insisted that the privacy provided for personal contributors was essential to protect individual privacy.

Lawson attacks any shift to 'go for growth' policy

By Barry Riley

TWO ERSTWHILE adversaries of the Thatcher era found common cause yesterday, advising Mr Kenneth Clarke, the new chancellor, on how to shape his policies.

Lord Lawson and Sir Alan Walters, who as former chancellor and a key government adviser disagreed openly during the latter years of Mrs (now Lady) Thatcher's term of office, delivered separate warnings over Mr Clarke's future stance at the Treasury.

Lord Lawson denounced any shift towards a "go for growth" policy, pointing out that "no sudden burst of growth can produce anything other than a spurt of inflation".

Meanwhile, Sir Alan launched a typically direct on Mr Clarke. Speaking in a BBC interview, he said Mr Michael Howard or Mr Michael Portillo should have replaced Mr Norman Lamont as chancellor. He added that Mr Clarke would spend public money to avoid political problems.

"I doubt whether he has the sort of spine needed to control the books, in fact whether he has the drive needed to look hard and do what is necessary with public spending," he said.

Lord Lawson, as chancellor, once declared that there had been an economic miracle, and pushed the annual rate of growth to 5.1 per cent in early 1988.

Last week, he was implicitly blamed for Britain's recent economic difficulties by Mr Lamont, who claimed in his resignation speech that the recession of the early 1990s had its origins in the boom of 1988 and 1989.

Lord Lawson, speaking yesterday at a seminar arranged by the investment managers Capital House, said cycles were the normal pattern of economic behaviour. Economies did not move in straight lines. The recent recession had not been particularly unusual or remarkable.

He nevertheless warned of persistent inflationary dangers. "The dragon of inflation is asleep but is not dead," he said. "It is highly likely to wake up again."

Lord Lawson called for a managed float of sterling: "Nobody who is seriously in touch with the real world can favour free floating," he claimed.

He strongly favoured independence for the Bank of England, which would find it less difficult to conduct an anti-inflationary monetary policy than the government.

"The markets will increasingly wonder why governments are insisting on maintaining political control of the currency," he said. "It can only be because they are willing to debauch the currency at a politically appropriate moment."

THE LEX COLUMN

Irregular regulation

The Treasury's zeal in adopting the cause of orderly and transparent markets in London is indeed admirable. It would be all the more so if it had been much in evidence before the government had £500-worth of BT shares to unload. In that context, official protestations that attempts to limit short selling ahead of the BT3 issue are to defend the reputation of London as a capital-raising centre ring like a cracked champagne glass. Both the Treasury and the Stock Exchange say they are concerned to prevent a re-run of the substantial price drop ahead of the Wellcome float in the BT3 offer. If that is the case, they have had almost a year to consult and introduce general reforms which would have defined rules acceptable to all market participants. Instead the Treasury's special pleading is letting its naked self-interest show.

The Stock Exchange's tattered credibility has been further damaged. It was minded to grant S.G. Warburg's request for a move to cash settlement until institutional pressure intervened. Now it is to monitor all large BT transactions over the next few weeks. Yet, if this was considered necessary, why was it not announced at the start of the flotation? The delay has made the Exchange appear in thrall to one of its large market makers - a prospect far more damaging to London's reputation than jiggery-pokery by institutions trying to buy cheap stock.

Book-building and incentives techniques have run well ahead of the SIB's rules on stabilisation of new issues. Indeed, there is no consensus on what would constitute a false market in BT shares. The Stock Exchange is vague on what actions would be considered market manipulation ahead of such a large flotation. It is at least possible that the incentives offered by Warburg create a false impression of the value of BT shares under current conditions. The Treasury, the SIB and the Stock Exchange need to resolve such questions in a way which does not imply that they are making policy on the hoof. It would also help if they could do it under conditions where the conflicts of interest are not so glaring.

UK markets

If the art of politics is timing, Mr Kenneth Clarke's arrival at No 11 Downing Street has been a masterstroke. The new chancellor has been greeted by a slew of economic data

FT-SE Index: 2879.4 (+3.7)

Lucas Industries

Share price relative to the FT-SE 100 index



Source: FT Graphics

promising modest growth without a resurgence of inflation. The retail price and employment figures are cases in point. That is music to the ears of financial markets: the FT-SE 100 index is again pushing 2,900 and long-dated gilt yields have trickled down towards 8 per cent. Since the corporate news has been mixed it may be that gilts are setting the pace.

Equities certainly look more comfortable on a historic yield of 4 per cent after the rally at the long end of the gilt market. If the optimistic mood in that market is sustained, the FT-SE 100 could rise to 3,000 without stretching the yield ratio much beyond 2 times. That might give the equity market more chance of breaking out of the trading range which has prevailed since March. Whether gilts will remain a help remains an open question. The Bank of England has cautioned that inflationary pressures could resurface in the autumn, in which case the gilt market would doubtless demand more of a risk premium for funding the government's borrowing requirement.

In those circumstances, Mr Clarke will need more than political nous to keep the markets on side. The Mansion House speech was predictably vague about the extent to which fiscal tightening might be needed to control borrowing. The odds are that something more will be required of the autumn budget.

Japan

Of the world's main financial markets, Japan is traditionally the least affected by political uncertainty. That seems to have changed after the trou-

bles of Mr Kiichi Miyazawa prompted the dissolution of the Diet. For a time, at least, the markets will have to live with a degree of uncertainty that extends to the question of whether the Liberal Democratic party can survive intact. That implies renewed strain for the equity market which even official support buying may be unable to offset. The yen also weakened sharply yesterday, though that could be a more transitory response.

The Nikkei has already fallen more than 1,000 points from its 1993 peak on fears that the stronger yen would damp Japan's modest economic recovery prospects. Palliatives, such as a large discount rate cut or further fiscal stimulation, now seem remote given the political vacuum. The election campaign may produce promises of tax cuts which would boost consumption. Whether the poll will produce a government capable of delivering them quickly is another matter.

Similarly, there seems less chance of a bilateral trade agreement with the US, which might reverse the yen's recent rise. This could thus resume after the initial political shock has worn off. The yen may be saved further upward pressure if the dollar's jump against the D-Mark yesterday means the US currency has found new strength. Otherwise next month's Tokyo summit could be dominated by spats over the exchange market instead of co-ordinated measures to revive world growth.

Lucas Industries

Lucas's fond hope that its dividend would be covered by earnings this year has surely perished in the continental car market pile-up. The company may justifiably claim that conditions have deteriorated at a rate no-one had predicted. Nevertheless, the UK had been in recession for well over two years before Lucas announced substantial cost reductions last October. It is hard to avoid the impression that Lucas waited for the market to rescue it, only to respond with too little action too late.

Further cuts will be needed, including presumably in the dividend. Yet a full-blooded approach may have to wait for a new chief executive. Unfortunately, that appointment is taking so long that such a hot seat now looks difficult to fill. Lucas's share price has been buoyed this year by hopes of a bid from BTR. Its recent sag, however, suggests a recovery stock which has simply failed to recover.

Bottomley orders scrutiny of health service ethical rules

By Alan Pike, Social Affairs Correspondent

ETHICAL RULES at the top of Britain's National Health Service, Europe's largest civilian employer, are to be fundamentally re-examined.

The move, announced yesterday by Mrs Virginia Bottomley, health secretary, is a response to financial scandals and concern over the adequacy of non-executive directors' powers.

Addressing the National Association of Health Authorities and Trusts conference at Bournemouth, southern England, Mrs Bottomley said a task force would be set up to "spreadhead an urgent review of the current guidance on corporate governance".

Her speech twice noted the importance of placing "strong emphasis on the traditional public-service values of openness, probity and accountability".

The immediate catalyst for action - referred to only obliquely by Mrs Bottomley - is a series of severely critical reports by district auditors, pointing to waste of at least £10m in the West Midlands regional health authority and £30m in

Wessex. Police have investigated in both regions. Four people are awaiting trial in Wessex and the House of Commons public accounts committee is also conducting an inquiry.

More broadly, the 1991 NHS reforms devolved financial and other decision-making to hundreds of trusts and district health authority boards. That has raised complicated questions about the relationship between full-time managers and part-time non-executive board members.

Questions Mrs Bottomley wants considered include:

- Giving non-executive directors power to seek independent financial and other advice and direct access to independent audit reports;
- Appointing audit committees of non-executive directors;
- Creating a company secretary role in health authorities and trust hospitals; and
- Maintaining a register of directors' business interests and adopting a code of ethics.

Mrs Bottomley said there was a need to look again at the way health authority and hospital chairmen and non-executive directors were appointed, to ensure that the NHS was picking

the best people. She has joined regional health authority chairmen in meeting Sir Adrian Cadbury to discuss lessons for the NHS from his 1992 report on corporate governance in the private sector.

Much of the Cadbury code, she said, was already in place in the NHS. "But we have to concede that there may be areas where we need to bolster the key values," she said.

The task force, to be headed by Sir Duncan Nichol, NHS chief executive, will concentrate on four areas - the role of non-executive directors in finance and audit; reinforcement of the health services' public-service values; better induction and training for board members; and matching the role and functions of non-executive directors with their part-time status. Any changes arising from the investigation will start coming into force, it is expected, by the end of the year.

Mr Andrew Foster, controller of the Audit Commission, who also addressed the conference, said he suspected that fraud and corruption in the NHS was much less widespread than a few serious cases might suggest.

Miners at reprieved pit vote for closure

Continued from Page 1

demand an explanation from the government on Monday as to why it had misled the Commons by claiming it had saved 12 pits. The reprieve of the 12 followed a public outcry over plans to close three-fifths of Britain's

mines. With the market for coal contracting, few are expected to have a long-term future.

Mr Cook said the energy market had been rigged against coal and urged Tory MPs to resist the new closures. Mr Michael Heseltine, trade and industry secretary, said Labour wanted the

government to destroy jobs in the rest of industry "to try to maintain jobs in the coal industry, which cannot sell its product".

Meanwhile, British coal said it had received about 100 expressions of interest in the first four of 20 pits it is offering to the private sector.

FT WORLD WEATHER

Europe today

A front, associated with a depression over southern Norway, will bring extensive clouds and outbreaks of rain over the Channel, northern Germany and Poland. There will be sunny spells in Denmark and southern Sweden, but widespread showers will also occur and will reach Ireland and Scotland. South of the frontal zone, in the warm air, a few thunder showers will develop in the afternoon over France and southern Germany. Portugal and Spain will remain sunny with scattered clouds. An isolated thunder shower is possible over the western Mediterranean. A weak band of high pressure will cover Italy, Greece and the southern Balkans with only scattered cloud and temperatures rising to 27C-31C.

Five-day forecast

In Scandinavia on Sunday, it will remain unsettled. By Monday, a depression will develop over the Bay of Biscay and will bring showers to Portugal and northern Spain. On the eastern side of the depression, warmer air will push into southern and central Europe, the Alps and the Low Countries. A few thunder showers will develop in the warm air, but it will stay dry in Italy. Over Russia, a depression will bring in cooler air and showers.

TODAY'S TEMPERATURES

Maximum	Minimum	Weather	Temp
Madrid	37	cloudy	23
Abuja	30	cloudy	25
Aden	29	sun	28
Amman	27	sun	28
Athens	27	sun	28
Bangkok	30	sun	30
Batavia	29	sun	28
Bombay	31	sun	30
Buenos Aires	27	sun	28
Cairo	31	sun	30
Cape Town	27	sun	28
Cebu	29	sun	28
Colon	29	sun	28
Dakar	29	sun	28
Dhaka	29	sun	28
Dublin	29	sun	28
Hong Kong	29	sun	28
Kuala Lumpur	29	sun	28
London	29	sun	28
Los Angeles	29	sun	28
Lyons	29	sun	28
Manila	29	sun	28
Medan	29	sun	28
Moscow	29	sun	28
Mumbai	29	sun	28
Nairobi	29	sun	28
Paris	29	sun	28
Rangoon	29	sun	28
Riyadh	29	sun	28
Singapore	29	sun	28
Sofia	29	sun	28
Taipei	29	sun	28
Tokyo	29	sun	28
Toronto	29	sun	28
Ulaanbaatar	29	sun	28
Yokohama	29	sun	28



Forecasts by Meteo Consult of the Netherlands

Maximum	Minimum	Weather	Temp
Madrid	37	cloudy	23
Abuja	30	cloudy	25
Aden	29	sun	28
Amman	27	sun	28
Athens	27	sun	28
Bangkok	30	sun	30
Batavia	29	sun	28
Bombay	31	sun	30
Buenos Aires	27	sun	28
Cairo	31	sun	30
Cape Town	27	sun	28
Cebu	29	sun	28
Colon	29	sun	28
Dakar	29	sun	28
Dhaka	29	sun	28
Dublin	29	sun	28
Hong Kong	29	sun	28
Kuala Lumpur	29	sun	28
London	29	sun	28
Los Angeles	29	sun	28
Lyons	29	sun	28
Manila	29	sun	28
Medan	29	sun	28
Moscow	29	sun	28
Mumbai	29	sun	28
Nairobi	29	sun	28
Paris	29	sun	28
Rangoon	29	sun	28
Riyadh	29	sun	28
Singapore	29	sun	28
Sofia	29	sun	28
Taipei	29	sun	28
Tokyo	29	sun	28
Toronto	29	sun	28
Ulaanbaatar	29	sun	28
Yokohama	29	sun	28



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